

INTERNAL REVENUE SERVICE  
P. O. BOX 2508  
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: MAR 27 2012

BLUEGREEN ALLIANCE INC  
2828 UNIVERSITY AVE SE STE 200  
MINNEAPOLIS, MN 55414

Employer Identification Number:  
26-4086284  
DLN:  
17053065369032  
Contact Person:  
JOHN J KOESTER ID# 31364  
Contact Telephone Number:  
(877) 829-5500  
Accounting Period Ending:  
December 31  
Form 990 Required:  
Yes  
Effective Date of Exemption:  
January 21, 2009  
Contribution Deductibility:  
No  
Addendum Applies:  
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax-exempt status we have determined that you are exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Please see enclosed Publication 4221-NC, Compliance Guide for Tax-Exempt Organizations (Other than 501(c)(3) Public Charities and Private Foundations), for some helpful information about your responsibilities as an exempt organization.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,



Lois G. Lerner  
Director, Exempt Organizations

Enclosure: Publication 4221-NC



INTERNAL REVENUE SERVICE  
P. O. BOX 2508  
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

MAR 27 2012

Date:

BLUEGREEN ALLIANCE INC  
C/O BREDHOFF & KAISER PLLC  
TEARYN J LOVING  
805 15TH ST NW  
WASHINGTON, DC 20005

Employer Identification Number:  
26-4086284  
DLN:  
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Contact Person:  
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Sincerely,



Lois G. Lerner  
Director, Exempt Organizations

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## Power of Attorney and Declaration of Representative

▶ Type or print. ▶ See the separate instructions.

OMB No. 1545-0150

For IRS Use Only

Received by:

Name \_\_\_\_\_

Telephone \_\_\_\_\_

Function \_\_\_\_\_

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

### Part I Power of Attorney

**Caution:** Form 2848 will not be honored for any purpose other than representation before the IRS.

#### 1 Taxpayer information. Taxpayer must sign and date this form on page 2, line 7.

Taxpayer name and address

BlueGreen Alliance, Inc.  
2828 University Avenue, SE  
Minneapolis, MN 55414

Identifying number

26-4086284

Daytime telephone number

612-466-4497

Plan number (if applicable)

hereby appoints the following representative(s) as attorney(s)-in-fact:

#### 2 Representative(s) must sign and date this form on page 2, Part II.

Name and address

Tearyn J. Loving, Bredhoff & Kaiser, PLLC  
805 15th Street, NW  
Washington, DC 20005

Check if to be sent notices and communications ☒

CAF No. 0305-61751R

PTIN P01598555

Telephone No. 202-842-2600

Fax No. 202-842-1888

Check if new: Address ☐ Telephone No. ☐ Fax No. ☐

Name and address

CAF No. \_\_\_\_\_

PTIN \_\_\_\_\_

Telephone No. \_\_\_\_\_

Fax No. \_\_\_\_\_

Check if to be sent notices and communications ☐

Check if new: Address ☐ Telephone No. ☐ Fax No. ☐

Name and address

CAF No. \_\_\_\_\_

PTIN \_\_\_\_\_

Telephone No. \_\_\_\_\_

Fax No. \_\_\_\_\_

Check if new: Address ☐ Telephone No. ☐ Fax No. ☐

to represent the taxpayer before the Internal Revenue Service for the following matters:

#### 3 Matters

Description of Matter (Income, Employment, Excise, Whistleblower, PLR, FOIA, Civil Penalty, etc.) (see the instructions for line 3)	Tax Form Number (1040, 941, 720, etc.) (if applicable)	Year(s) or Period(s) (if applicable) (see the instructions for line 3)
All matters related to the Form 1024	1024	Not Applicable

**4 Specific use not recorded on Centralized Authorization File (CAF).** If the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for Line 4. **Specific Uses Not Recorded on CAF** ☐

**5 Acts authorized.** Unless otherwise provided below, the representatives generally are authorized to receive and inspect confidential tax information and to perform any and all acts that I can perform with respect to the tax matters described on line 3, for example, the authority to sign any agreements, consents, or other documents. The representative(s), however, is (are) not authorized to receive or negotiate any amounts paid to the client in connection with this representation (including refunds by either electronic means or paper checks). Additionally, unless the appropriate box(es) below are checked, the representative(s) are not authorized to substitute another representative or add additional representatives, to sign certain returns, or to execute a request for disclosure of tax returns or return information to a third party. See the line 5 instructions for more information.

☐ Disclosure to third parties; ☐ Signing a return; ☐ Substitute or add representatives;

☐ Other \_\_\_\_\_ (see instructions for more information)

**Exceptions.** An unenrolled return preparer cannot sign any document for a taxpayer and may only represent taxpayers in limited situations. An enrolled actuary may only represent taxpayers to the extent provided in section 10.3(d) of Treasury Department Circular No. 230 (Circular 230). An enrolled retirement plan agent may only represent taxpayers to the extent provided in section 10.3(e) of Circular 230. A registered tax return preparer may only represent taxpayers to the extent provided in section 10.3(f) of Circular 230. See the line 5 instructions for restrictions on tax matters partners. In most cases, the student practitioner's (level k) authority is limited (for example, they may only practice under the supervision of another practitioner).

List any specific deletions to the acts otherwise authorized in this power of attorney: \_\_\_\_\_



- 6 Retention/revocation of prior power(s) of attorney.** The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same matters and years or periods covered by this document. If you **do not** want to revoke a prior power of attorney, check here ☐ **YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.**

- 7 Signature of taxpayer.** If a tax matter concerns a year in which a joint return was filed, the husband and wife must each file a separate power of attorney even if the same representative(s) is (are) being appointed. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

**▶ IF NOT SIGNED AND DATED, THIS POWER OF ATTORNEY WILL BE RETURNED TO THE TAXPAYER.**

  
Signature

2/24/12  
Date

Executive Director  
Title (if applicable)

David Foster

Print Name

☐☐☐☐☐  
PIN Number

BlueGreen Alliance, Inc.

Print name of taxpayer from line 1 if other than individual

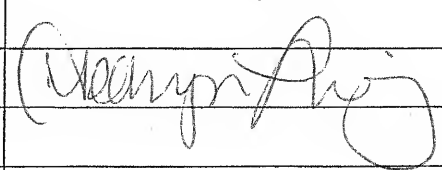
## Part II Declaration of Representative

Under penalties of perjury, I declare that:

- I am not currently under suspension or disbarment from practice before the Internal Revenue Service;
- I am aware of regulations contained in Circular 230 (31 CFR, Part 10), as amended, concerning practice before the Internal Revenue Service;
- I am authorized to represent the taxpayer identified in Part I for the matter(s) specified there; and
- I am one of the following:
  - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
  - b Certified Public Accountant—duly qualified to practice as a certified public accountant in the jurisdiction shown below.
  - c Enrolled Agent—enrolled as an agent under the requirements of Circular 230.
  - d Officer—a bona fide officer of the taxpayer's organization.
  - e Full-Time Employee—a full-time employee of the taxpayer.
  - f Family Member—a member of the taxpayer's immediate family (for example, spouse, parent, child, grandparent, grandchild, step-parent, step-child, brother, or sister).
  - g Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Internal Revenue Service is limited by section 10.3(d) of Circular 230).
  - h Unenrolled Return Preparer - Your authority to practice before the Internal Revenue Service is limited. You must have been eligible to sign the return under examination and have signed the return. **See Notice 2011-6 and Special rules for registered tax return preparers and unenrolled return preparers in the instructions.**
  - i Registered Tax Return Preparer—registered as a tax return preparer under the requirements of section 10.4 of Circular 230. Your authority to practice before the Internal Revenue Service is limited. You must have been eligible to sign the return under examination and have signed the return. **See Notice 2011-6 and Special rules for registered tax return preparers and unenrolled return preparers in the instructions.**
  - k Student Attorney or CPA—receives permission to practice before the IRS by virtue of his/her status as a law, business, or accounting student working in LTC or STCP under section 10.7(d) of Circular 230. See instructions for Part II for additional information and requirements.
  - r Enrolled Retirement Plan Agent—enrolled as a retirement plan agent under the requirements of Circular 230 (the authority to practice before the Internal Revenue Service is limited by section 10.3(e)).

**▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED. REPRESENTATIVES MUST SIGN IN THE ORDER LISTED IN LINE 2 ABOVE.** See the instructions for Part II.

**Note:** For designations d-f, enter your title, position, or relationship to the taxpayer in the "Licensing jurisdiction" column. See the instructions for Part II for more information.

Designation—Insert above letter (a-r)	Licensing jurisdiction (state) or other licensing authority (if applicable)	License/Bar or Enrollment Number (if applicable)	Signature	Date
a	D.C.	495524		2-28-12



**User Fee for Exempt Organization  
Determination Letter Request**

▶ **Attach this form to determination letter application.**  
(Form 8718 is NOT a determination letter application.)

For  
IRS  
Use  
Only

OMB No. 1545-1798

Control number

Amount paid 850

User fee screener

1 Name of organization

**BlueGreen Alliance, Inc.**

2 Employer Identification Number

**26**

**4086284**

**Caution.** Do not attach Form 8718 to an application for a pension plan determination letter. Use Form 8717 instead.

**3 Type of request**

**Fee**

- a ☐ Initial request for a determination letter for:
- An exempt organization that has had annual gross receipts averaging not more than \$10,000 during the preceding 4 years or
  - A new organization that anticipates gross receipts averaging not more than \$10,000 during its first 4 years ▶ **\$400**
- Note.** If you checked box 3a, you must complete the *Certification* below.

**Certification**

I certify that the annual gross receipts of .....  
name of organization  
have averaged (or are expected to average) not more than \$10,000 during the preceding 4 (or the first 4) years of operation.

Signature ▶

Title ▶

- b ☒ Initial request for a determination letter for:
- An exempt organization that has had annual gross receipts averaging more than \$10,000 during the preceding 4 years or
  - A new organization that anticipates gross receipts averaging more than \$10,000 during its first 4 years . ▶ **\$850**
- c ☐ Group exemption letters . . . . . ▶ **\$3,000**

**Instructions**

The law requires payment of a user fee with each application for a determination letter. The user fees are listed on line 3 above. For more information, see Rev. Proc. 2009-8; 2009-1 I.R.B. 229, or latest annual update.

Check the box or boxes on line 3 for the type of application you are submitting. If you check box 3a, you must complete and sign the certification statement that appears under line 3a.

Attach to Form 8718 a check or money order payable to the "United States Treasury" for the full amount of the user fee. If you do not include the full amount, your application will be returned. Attach Form 8718 to your determination letter application.

Generally, the user fee will be refunded only if the Internal Revenue Service declines to issue a determination.

**Where To File**

Send the determination letter application and Form 8718 to:

Internal Revenue Service  
P.O. Box 12192  
Covington, KY 41012-0192

**Who Should File**

Organizations applying for federal income tax exemption, other than Form 1023 filers. Organizations submitting Form 1023 should refer to the instructions in that application package.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. If you want your organization to be recognized as tax-exempt by the IRS, you are required to give us this information. We need it to determine whether the organization meets the legal requirements for tax-exempt status.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating

to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. The rules governing the confidentiality of Form 8718 are covered in section 6104.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is 5 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send this form to this address. Instead, see *Where To File* above.





17053065369032

Form **1024**  
(Rev. September 1998)  
Department of the Treasury  
Internal Revenue Service

# Application for Recognition of Exemption Under Section 501(a)

OMB No. 1545-0057

If exempt status is approved,  
this application will be open  
for public inspection.

Read the instructions for each Part carefully. **A User Fee must be attached to this application.**

If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to the organization.

**Complete the Procedural Checklist on page 6 of the instructions.**

## Part I. Identification of Applicant (Must be completed by all applicants; also complete appropriate schedule.)

Submit only the schedule that applies to your organization. Do not submit blank schedules.

Check the appropriate box below to indicate the section under which the organization is applying:

- a ☐ Section 501(c)(2)—Title holding corporations (Schedule A, page 7)
- b ☒ Section 501(c)(4)—Civic leagues, social welfare organizations (including certain war veterans' organizations), or local associations of employees (Schedule B, page 8)
- c ☐ Section 501(c)(5)—Labor, agricultural, or horticultural organizations (Schedule C, page 9)
- d ☐ Section 501(c)(6)—Business leagues, chambers of commerce, etc. (Schedule C, page 9)
- e ☐ Section 501(c)(7)—Social clubs (Schedule D, page 11)
- f ☐ Section 501(c)(8)—Fraternal beneficiary societies, etc., providing life, sick, accident, or other benefits to members (Schedule E, page 13)
- g ☐ Section 501(c)(9)—Voluntary employees' beneficiary associations (Parts I through IV and Schedule F, page 14)
- h ☐ Section 501(c)(10)—Domestic fraternal societies, orders, etc., not providing life, sick, accident, or other benefits (Schedule E, page 13)
- i ☐ Section 501(c)(12)—Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations (Schedule G, page 15)
- j ☐ Section 501(c)(13)—Cemeteries, crematoria, and like corporations (Schedule H, page 16)
- k ☐ Section 501(c)(15)—Mutual insurance companies or associations, other than life or marine (Schedule I, page 17)
- l ☐ Section 501(c)(17)—Trusts providing for the payment of supplemental unemployment compensation benefits (Parts I through IV and Schedule J, page 18)
- m ☐ Section 501(c)(19)—A post, organization, auxiliary unit, etc., of past or present members of the Armed Forces of the United States (Schedule K, page 19)
- n ☐ Section 501(c)(25)—Title holding corporations or trusts (Schedule A, page 7)

1a Full name of organization (as shown in organizing document) <b>BlueGreen Alliance, Inc.</b>		2 Employer identification number (EIN) (if none, see <b>Specific Instructions</b> on page 2) <b>26 : 4086284</b>
1b c/o Name (if applicable)		3 Name and telephone number of person to be contacted if additional information is needed  <b>Ricki McMillan</b>  <b>( 612 ) 466-4497</b>
1c Address (number and street) <b>2828 University Ave, SE</b>	Room/Suite <b>200</b>	
1d City, town or post office, state, and ZIP + 4 If you have a foreign address, see <b>Specific Instructions</b> for Part I, page 2. <b>Minneapolis, MN 55414</b>		
1e Web site address <b>www.bluegreenalliance.org</b>	4 Month the annual accounting period ends <b>December</b>	5 Date incorporated or formed <b>January 21, 2009</b>

6 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? ☐ Yes ☒ No  
If "Yes," attach an explanation.

7 Has the organization filed Federal income tax returns or exempt organization information returns? ☒ Yes ☐ No  
If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.

**The IRS Form 990 was filed in Ogden, UT for the tax years 2009 and 2010.**

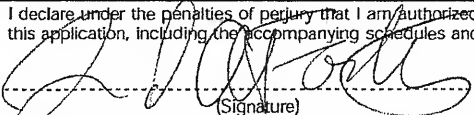
8 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING.

- a ☒ Corporation— Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also attach a copy of the bylaws.
- b ☐ Trust— Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.
- c ☐ Association— Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence that the organization was formed by adoption of the document by more than one person. Also include a copy of the bylaws.

If this is a corporation or an unincorporated association that has not yet adopted bylaws, check here ☐

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization, and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

PLEASE  
SIGN  
HERE

  
(Signature)

**David A Foster, Executive Director**

(Type or print name and title or authority of signer)

**2/24/2012**

(Date)

For Paperwork Reduction Act Notice, see page 5 of the instructions.

Cat No. 12343K

17152012065001

02292012

03022012

CINCINNATI  
SERVICE CENTER

MH

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**Part II. Activities and Operational Information** (Must be completed by all applicants)

---

- 1** Provide a detailed narrative description of all the activities of the organization—past, present, and planned. Do not merely refer to or repeat the language in the organizational document. List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: **(a)** a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; **(b)** when the activity was or will be initiated; and **(c)** where and by whom the activity will be conducted.

**See attachment.**

- 
- 2** List the organization's present and future sources of financial support, beginning with the largest source first.

**The BlueGreen Alliance (BGA) receives approximately 50% of its financial support from labor organizations that pay membership dues to BGA and approximately 50% of its financial support from foundations and corporations. Only a nominal portion of financial support is received from individuals, program-related activities, and investment earnings.**

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**Part II. Activities and Operational Information** (continued)**3** Give the following information about the organization's governing body:

<b>a</b> Names, addresses, and titles of officers, directors, trustees, etc.	<b>b</b> Annual compensation
<b>See attachment.</b>	<b>See attachment.</b>

**4** If the organization is the outgrowth or continuation of any form of predecessor, state the name of each predecessor, the period during which it was in existence, and the reasons for its termination. Submit copies of all papers by which any transfer of assets was effected.

N/A

**5** If the applicant organization is now, or plans to be, connected in any way with any other organization, describe the other organization and explain the relationship (e.g., financial support on a continuing basis; shared facilities or employees; same officers, directors, or trustees).**See attachment.****6** If the organization has capital stock issued and outstanding, state: **(1)** class or classes of the stock; **(2)** number and par value of the shares; **(3)** consideration for which they were issued; and **(4)** if any dividends have been paid or whether your organization's creating instrument authorizes dividend payments on any class of capital stock.

N/A

**7** State the qualifications necessary for membership in the organization; the classes of membership (with the number of members in each class); and the voting rights and privileges received. If any group or class of persons is required to join, describe the requirement and explain the relationship between those members and members who join voluntarily. Submit copies of any membership solicitation material. Attach sample copies of all types of membership certificates issued.

**BGA has only one class of membership; an organization may become a BGA Member upon the majority vote of the BGA Board of Directors (who are appointed by Members) provided that such organization agrees to be bound by BGA's Bylaws including the obligation to pay the annual Member Dues payment.**

**8** Explain how your organization's assets will be distributed on dissolution.**See attachment.**

**Part II. Activities and Operational Information (continued)**

- 9 Has the organization made or does it plan to make any distribution of its property or surplus funds to shareholders or members? ☐ Yes ☒ No  
If "Yes," state the full details, including: (1) amounts or value; (2) source of funds or property distributed or to be distributed; and (3) basis of, and authority for, distribution or planned distribution.

- 10 Does, or will, any part of your organization's receipts represent payments for services performed or to be performed? ☐ Yes ☒ No  
If "Yes," state in detail the amount received and the character of the services performed or to be performed.

- 11 Has the organization made, or does it plan to make, any payments to members or shareholders for services performed or to be performed? ☐ Yes ☒ No  
If "Yes," state in detail the amount paid, the character of the services, and to whom the payments have been, or will be, made.

- 12 Does the organization have any arrangement to provide insurance for members, their dependents, or others (including provisions for the payment of sick or death benefits, pensions, or annuities)? ☐ Yes ☒ No  
If "Yes," describe and explain the arrangement's eligibility rules and attach a sample copy of each plan document and each type of policy issued.

- 13 Is the organization under the supervisory jurisdiction of any public regulatory body, such as a social welfare agency, etc.? ☐ Yes ☒ No  
If "Yes," submit copies of all administrative opinions or court decisions regarding this supervision, as well as copies of applications or requests for the opinions or decisions.

- 14 Does the organization now lease or does it plan to lease any property? ☒ Yes ☐ No  
If "Yes," explain in detail. Include the amount of rent, a description of the property, and any relationship between the applicant organization and the other party. Also, attach a copy of any rental or lease agreement. (If the organization is a party, as a lessor, to multiple leases of rental real property under similar lease agreements, please attach a single representative copy of the leases.)  
**See attachment.**

- 15 Has the organization spent or does it plan to spend any money attempting to influence the selection, nomination, election, or appointment of any person to any Federal, state, or local public office or to an office in a political organization? ☒ Yes ☐ No  
If "Yes," explain in detail and list the amounts spent or to be spent in each case.

**In 2010, BGA made the following expenditures:****\$94,618 to mail flyers related to the Arkansas US Senate Primary Election****\$276,927 to mail, telephone, canvass, purchase media buys, and publish material related to the Michigan District 7 US House of Representatives Election****\$55,430 to mail and telephone material related to the Minnesota District 1 US House of Representatives Election**

- 16 Does the organization publish pamphlets, brochures, newsletters, journals, or similar printed material? ☒ Yes ☐ No  
If "Yes," attach a recent copy of each.

See Exhibit B.

**Part III. Financial Data** (Must be completed by all applicants)

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. **If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.**

**A. Statement of Revenue and Expenses**

Revenue	(a) Current Tax Year	3 Prior Tax Years or Proposed Budget for Next 2 Years			(e) Total
	From 1/1/11 To 12/31/11	(b) 2010	(c) 2009	(d) -----	
1 Gross dues and assessments of members . . . . .	815,000	790,000	734,167		2,339,167
2 Gross contributions, gifts, etc. . . . .	825,500	2,999,140	2,312,431		6,137,071
3 Gross amounts derived from activities related to the organization's exempt purpose (attach schedule) (Include related cost of sales on line 9.)	0	0	13,083		13,083
4 Gross amounts from unrelated business activities (attach schedule)	0	0	0		0
5 Gain from sale of assets, excluding inventory items (attach schedule) . . . . .	0	0	0		0
6 Investment income (see page 3 of the instructions)	1,607	2,695	1,032		5,334
7 Other revenue (attach schedule). . . . .	3,431	126,159	197,893		327,484
8 Total revenue (add lines 1 through 7) . . . . .	1,645,538	3,917,994	3,258,606		8,822,139
<b>Expenses</b>					
9 Expenses attributable to activities related to the organization's exempt purposes. . . . .	1,012,000	2,664,747	1,355,942		5,032,689
10 Expenses attributable to unrelated business activities	0	0	0		0
11 Contributions, gifts, grants, and similar amounts paid (attach schedule). . . . .	50,000	200,000	0		250,000
12 Disbursements to or for the benefit of members (attach schedule)	0	0	0		0
13 Compensation of officers, directors, and trustees (attach schedule)	133,396	122,335	105,351		361,082
14 Other salaries and wages. . . . .	1,717,778	1,311,604	217,154		3,246,536
15 Interest . . . . .	0	0	0		0
16 Occupancy . . . . .	133,752	109,831	57,440		301,023
17 Depreciation and depletion . . . . .	13,370	27,094	10,516		50,980
18 Other expenses (attach schedule) . . . . .	-1,681,619	-1,213,156	-122,423		-3,017,198
19 Total expenses (add lines 9 through 18) . . . . .	1,378,676	3,222,455	1,623,980		6,225,111
20 Excess of revenue over expenses (line 8 minus line 19) . . . . .	266,863	695,539	1,634,626		2,597,028

**B. Balance Sheet (at the end of the period shown)**

Assets		Current Tax Year as of 12/31/11	
1 Cash . . . . .		1	2,011,360
2 Accounts receivable, net . . . . .		2	684,541
3 Inventories . . . . .		3	0
4 Bonds and notes receivable (attach schedule) . . . . .		4	0
5 Corporate stocks (attach schedule). . . . .		5	0
6 Mortgage loans (attach schedule) . . . . .		6	0
7 Other investments (attach schedule) . . . . .		7	0
8 Depreciable and depletable assets (attach schedule) . . . . .		8	120,283
9 Land . . . . .		9	0
10 Other assets (attach schedule) . . . . .		10	90,978
11 <b>Total assets</b> . . . . .		11	2,907,162
<b>Liabilities</b>			
12 Accounts payable . . . . .		12	310,133
13 Contributions, gifts, grants, etc., payable . . . . .		13	0
14 Mortgages and notes payable (attach schedule) . . . . .		14	0
15 Other liabilities (attach schedule) . . . . .		15	0
16 <b>Total liabilities.</b> . . . . .		16	310,133
<b>Fund Balances or Net Assets</b>			
17 Total fund balances or net assets . . . . .		17	2,597,029
18 <b>Total liabilities and fund balances or net assets</b> (add line 16 and line 17) . . . . .		18	2,907,162

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation. ☐

**Schedule B** **Organizations Described in Section 501(c)(4) (Civic leagues, social welfare organizations (including posts, councils, etc., of veterans' organizations not qualifying or applying for exemption under section 501(c)(19)) or local associations of employees.)**

- 1** Has the Internal Revenue Service previously issued a ruling or determination letter recognizing the applicant organization (or any predecessor organization listed in question 4, Part II of the application) to be exempt under section 501(c)(3) and later revoked that recognition of exemption on the basis that the applicant organization (or its predecessor) was carrying on propaganda or otherwise attempting to influence legislation or on the basis that it engaged in political activity? . . . ☐ Yes ☒ No

If "Yes," indicate the earliest tax year for which recognition of exemption under section 501(c)(3) was revoked and the IRS district office that issued the revocation.

- 2** Does the organization perform or plan to perform (for members, shareholders, or others) services, such as maintaining the common areas of a condominium; buying food or other items on a cooperative basis; or providing recreational facilities or transportation services, job placement, or other similar undertakings? . . . ☐ Yes ☒ No

If "Yes," explain the activities in detail, including income realized and expenses incurred. Also, explain in detail the nature of the benefits to the general public from these activities. (If the answer to this question is explained in Part II of the application (pages 2, 3, and 4), enter the page and item number here.)

- 3** If the organization is claiming exemption as a homeowners' association, is access to any property or facilities it owns or maintains restricted in any way? . . . ☐ Yes ☒ No

If "Yes," explain.

- 4** If the organization is claiming exemption as a local association of employees, state the name and address of each employer whose employees are eligible for membership in the association. If employees of more than one plant or office of the same employer are eligible for membership, give the address of each plant or office.

N/A

**BlueGreen Alliance, Inc.**  
**EIN: 26-4086284**  
**Form: 1024**

## **Part II. Activities and Operational Information**

**Question 1. Provide a detailed narrative description of all the activities of the organization – past, present, and planned. Do not merely refer to or repeat the language in the organizational document. List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.**

The BlueGreen Alliance (“BGA”) was created as a strategic partnership among labor unions and environmental organizations that are dedicated to expanding the number and quality of jobs in the green economy. BGA achieves its mission through multiple programs that promote solutions to environmental challenges and create economic opportunities for the American people. BGA’s programs can be classified as two types of activities: convener activities and advocacy activities.

First, BGA provides a forum for environmental organizations, labor unions, and corporations to discuss how the organizations can work together to promote solutions to environmental challenges and create green jobs in the United States. Examples of such forums are BGA’s work for the reauthorization of the Federal Transportation Act & the expansion of investments in freight rail. BGA convenes roundtable working sessions across the United States among environmental organizations, labor unions, businesses, community groups, elected and government officials to determine how to increase investment and create transportation jobs at state and local levels. A second example is BGA’s work to assure that the United States is positioned to become a global leader in the development of hybrid trucks, buses, freight and high-speed rails cars and their component parts. BGA conducts high-level discussions with state and local policy offices and committees, labor unions, and business organizations. Another example is BGA’s Corporate Advisory Council, which unites a diverse group of businesses, labor unions, and environmental organizations in order to discuss clean energy jobs and other areas of mutual interest such as recycling and industrial energy efficiency. These forums take place throughout the year in multiple locations and/or telephonically and are led by BGA staff members. BGA spends 30% of its resources convening stakeholders to

**BlueGreen Alliance, Inc.**

**EIN: 26-4086284**

**Form: 1024**

discuss and promote the best ways to solve environmental challenges and create green jobs in the United States.

Second, BGA educates the public and policyholders about and advocates for the importance of public and private investments in clean energy, green technology, and a modern infrastructure, and the importance of creating and maintaining quality, green jobs. BGA conducts several national grassroots educational initiatives that outreach to the public in various ways through in-person and telephonic townhall meetings, electronic and written publications, and events. An example of such initiatives is BGA's nationwide bus tour, "The Job's Not Done", which communicated to local communities about the need for comprehensive climate change legislation and the creation of clean energy jobs. Another example is the Chemicals Policy, Green Chemistry and Workplace Safety program which seeks to educate the public and advocate for the reduction of workplace and community exposures to toxic substances and to promote occupational safety and health as fundamental rights for workers. These initiatives take place throughout the year in multiple locations and/or telephonically and are led by BGA staff members. BGA spends 50% of its resources educating the public and policyholders about and advocating for the best ways to solve environmental challenges and create green jobs in the United States.

In addition to the above activities, BGA has conducted political and lobbying activities to further its mission. For example, BGA participated in the campaign to defeat California's Proposition 23, which would have overturned California's Global Warming Solutions Act, and advocated for the election of political candidates that endorsed BGA's mission to achieve comprehensive climate change legislation and the creation of quality, green jobs. These efforts have taken place in various locations across the United States and were led by BGA staff members. BGA has spent 20% of its resources conducting these activities.

**Question 3a. Names, addresses, titles and compensation of officers, directors, trustees, etc.**

Directors:

Leo Gerard  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
No salary or other compensation from BGA

**BlueGreen Alliance, Inc.**

**EIN: 26-4086284**

**Form: 1024**

Michael Langford  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
No salary or other compensation from BGA

Robert King  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
No salary or other compensation from BGA

Lorretta Johnson  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
No salary or other compensation from BGA

Gerald Hudson  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
No salary or other compensation from BGA

Joseph Hansen  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
No salary or other compensation from BGA

Larry Cohen  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
No salary or other compensation from BGA

Larry Hanley  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
No salary or other compensation from BGA

Michael Brune  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
No salary or other compensation from BGA

Peter Lehner  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
No salary or other compensation from BGA

**BlueGreen Alliance, Inc.**

**EIN: 26-4086284**

**Form: 1024**

Kevin Knobloch  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
No salary or other compensation from BGA

Larry Schweiger  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
No salary or other compensation from BGA

Phil Angelides  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
No salary or other compensation from BGA

Robert Borosage  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
No salary or other compensation from BGA

Mindy Lubber  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
No salary or other compensation from BGA

Officers

David Foster, Executive Director  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
\$133,396

James English, Secretary and Treasurer  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
No salary or other compensation from BGA



**BlueGreen Alliance, Inc.**

**EIN: 26-4086284**

**Form: 1024**

**Question 5. If the applicant organization is now, or plans to be, connected in any way with any other organization, describe the other organization and explain the relationship (e.g., financial support on a continuing basis; shared facilities or employees; same officers, directors, or trustees).**

BGA has a relationship with the BlueGreen Alliance Foundation ("BGAF"), an organization exempt from tax pursuant to Code section 501(c)(3). BGA and BGAF are not considered to be "related organizations" as defined by the Service. BGA's Executive Director is also the President of BGAF and the same individual serves as Secretary and Treasurer for each organization. BGA and BGAF also share certain staff and facilities; BGA employs the shared staff. Shared expenses are allocated to each entity pursuant to a Cost Sharing Agreement based on the number of hours worked and other inputs.

**Question 8. Explain how your organization's assets will be distributed on dissolution.**

Article VI, Section A of BGA's Articles of Incorporation provide as follows:

"If for any reason the Corporation is to be dissolved or otherwise terminated, no part of the property of the Corporation or any of the proceeds shall be distributed to, or inure to the benefit of, any of the officers, directors or employees of the Corporation, but all property and proceeds of the Corporation, subject to the discharge of valid obligations of the Corporation and to applicable provisions of the Non-Profit Corporation Act shall be distributed exclusively among one or more organizations which would then qualify under the provisions of sections 501(c)(3) or 501(c)(4) of the Code."

**Question 14. Does the organization now lease or does it plan to lease any property?**

BGA leases three (3) office spaces from unrelated parties. The rent for fiscal year 2011 was \$260,500, which does not include any operational expenses. A portion of the rent was reimbursed to BGA pursuant to a cost sharing agreement. BGA pays rent for the following office locations:

Minneapolis, MN:	\$9,887 per month
Washington, DC:	\$12,205 per month
San Francisco, CA:	\$5,121 per month

The attached lease for the San Francisco office (Exhibit A) is representative of the other leases.

**BlueGreen Alliance, Inc.****EIN: 26-4086284****Form: 1024****Part III. Financial Data****A. Statement of Revenue and Expenses****Line 3. Gross amounts derived from activities related to the organization's exempt purpose.**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Conference Income	\$0	\$0	\$13,083

**Line 7. Other revenue.**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Individual donations	\$2,610	\$72,050	\$130
Government grant	\$0	\$52,237	\$197,763
Miscellaneous	\$821	\$1,872	\$0
Total	\$3,431	\$126,159	\$197,893

**Line 11. Contributions, gifts, grants, and similar amounts paid.**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Clean Energy & Good Jobs	\$0	\$200,000	\$0

The contribution was for the defeat Proposition 23 in California which was the effort to overturn California's Global Warming Solutions Act

Sierra Club	\$50,000	\$0	\$0
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The contribution was for the promotion of the creation of good, green jobs, quality training and employment in clean energy industries.

**Line 13. Compensation of officers, directors, and trustees.**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
David Foster, Executive Director	\$133,396	\$122,335	\$105,531

The compensation amounts listed above include compensation amounts that were allocated to and paid by the BlueGreen Alliance Foundation (BGAF) pursuant to the BGA and BGAF Cost Sharing Agreement. Mr. Foster worked for BGA approximately 35 hours per week in 2009, 23 hours per week in 2010, and approximately 20 hours per week in 2011.

**BlueGreen Alliance, Inc.**  
**EIN: 26-4086284**  
**Form: 1024**

**Line 18. Other expenses.**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Reimbursed Salary and Benefits	(2,282,099)	(1,619,150)	(286,787)
Benefits and Taxes	568,114	338,122	112,822
Travel	6,012	1,673	20,165
Office Expenses	787	1,025	13,695
Fees for Services	16,316	14,715	14,010
Insurance	275	190	1,633
Miscellaneous	8,976	269	2,039
Total	(1,681,619)	(1,213,156)	(122,423)

The BlueGreen Alliance (BGA) has a relationship with the BlueGreen Alliance Foundation (BGAF), an organization exempt pursuant to section 501(c)(3). BGA and BGAF are not considered to be "related organizations" as defined by the Service. BGA and BGAF share certain staff and facilities. All shared staff were employed by BGA. Shared expenses are allocated to each entity pursuant to a Cost Sharing Agreement based on the number of hours worked and other inputs.

**Part B. Balance Sheet**

**Line 8. Depreciable and depletable assets.**

	<u>2011</u>
Furniture and Fixtures	\$19,114
Telephone and Office Equipment	\$69,310
Computer Equipment and Software	\$64,532
Website	\$39,000
Leasehold Improvements	\$5,770
Accumulated Depreciation	<u>\$(77,443)</u>
Total	\$120,283

**Line 10. Other Assets.**

	<u>2011</u>
Prepaid Expenses	\$68,826
Rental Deposits	<u>\$22,153</u>
Total	\$90,978

**BREDHOFF & KAISER, P.L.L.C.**  
*Attorneys & Counselors*  
**805 Fifteenth Street, N.W.**  
**Washington, D.C. 20005-2207**  
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Douglas L. Greenfield  
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Matthew Clash-Drexler  
Abigail V. Carter

February 29, 2012

Joshua B. Shiffrin  
Ramya Ravindran  
Daniel A. Zibel  
Benjamin Takis  
Kimberly Sánchez Ocasio  
Osvaldo Vazquez  
Raphael Rajendra  
Jacob Karabell

-----  
Jeffrey L. Gibbs  
Laurence Gold  
Patricia Polach  
Susan G. Lahne  
Sarah M. Fox  
Kathleen Keller  
Jenifer A. Cromwell  
Philip C. Andonian  
Tearyn J. Loving

Of Counsel

-----  
Elliot Bredhoff  
(1921 - 2004)  
Henry Kaiser  
(1911 - 1989)

**VIA CERTIFIED MAIL WITH RETURN RECEIPT REQUESTED**

Internal Revenue Service  
P.O. Box 192  
Covington, KY 41012-0192

**Re: BlueGreen Alliance, Inc.**  
**EIN: 26-4086284**  
**Form 1024**

Dear Madam or Sir:

This firm represents the BlueGreen Alliance, Inc. ("BGA"). On behalf of BGA, we hereby submit an application for recognition of exemption of BGA under section 501(c)(4) of the Internal Revenue Code (the "Code"). Recognition of exemption is requested effective retroactively to January 21, 2009, the date that BGA was established as a Nonprofit Corporation under the laws of the District of Columbia.

The following documents are enclosed in support of BGA's application:

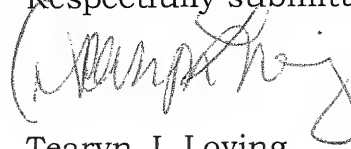
- IRS Form 8718, User Fee for Exempt Organization Determination Letter Request, and an accompanying check for \$850;
- IRS Form 2848, Power of Attorney;
- IRS Form 1024, Application for Recognition of Exemption Under Section 501(a), with attached supporting documentation;
- A copy of BGA's certified Articles of Incorporation;

Internal Revenue Service  
February 29, 2012  
Page 2

- A copy of BGA's Bylaws.

Please call me if you have any questions or would like any further information. In addition, if the Service were contemplating taking a position that is unfavorable to the taxpayer with respect to the recognition of exemption, we would appreciate an opportunity to discuss the matter in advance. Thank you for your consideration.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Tearyn J. Loving".

Tearyn J. Loving

Enclosures



**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS**



**C E R T I F I C A T E**

**THIS IS TO CERTIFY** that all applicable provisions of the District of Columbia NonProfit Corporation Act have been complied with and accordingly, this **CERTIFICATE OF INCORPORATION** is hereby issued to:

**THE BLUEGREEN ALLIANCE, INC.**

**IN WITNESS WHEREOF I** have hereunto set my hand and caused the seal of this office to be affixed as of the **21st** day of **January, 2009**.

LINDA K. ARGO  
Director

Business and Professional Licensing Administration

PATRICIA E. GRAYS  
Superintendent of Corporations  
Corporations Division

Adrian M. Fenty  
Mayor

**ARTICLES OF INCORPORATION  
OF  
THE BLUEGREEN ALLIANCE, INC.**

**TO:** DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS  
BUSINESS & PROFESSIONAL LICENSING ADMINISTRATION  
CORPORATIONS DIVISION

We, the undersigned natural persons of the age of eighteen years or more, acting as incorporators of a corporation under the Non-Profit Corporation Act (D.C. Code, Title 29, Chapter 3 as amended), adopt the following Articles of Incorporation:

**ARTICLE I**

**NAME:** The name of the corporation is the BlueGreen Alliance, Inc. (hereinafter referred to as the "Corporation").

**ARTICLE II**

**DURATION:** The period of the Corporation's duration is perpetual.

**ARTICLE III**

**PURPOSE:** The Corporation is organized and shall be operated exclusively to constitute a social welfare organization within the meaning of section 501(c)(4) of the Internal Revenue Code of 1986, as amended (the "Code"). These Articles of Incorporation shall be construed accordingly, and all powers and activities of the Corporation shall be limited accordingly.

In furtherance of the foregoing purposes and objects but not otherwise, the Corporation shall have and may execute all such powers expressly or impliedly conferred upon non-profit corporations organized under the laws of the District of Columbia, except as limited by these Articles of Incorporation. No part of the income or principal of the Corporation shall inure to the benefit of any director or officer of the Corporation or any other private individual, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services actually rendered to it, and to make reasonable payments and distributions in furtherance of the aforementioned purposes of the Corporation. The Corporation shall not engage in any activity that is prohibited to a corporation exempt from federal income tax under Section 501(c)(4) of the Code, and shall not participate or intervene in any political campaign on behalf of, or in opposition to, any candidate for public office to an extent that would disqualify it from tax exemption under section 501(c)(4) of the Internal Revenue Code. The Corporation shall never be operated for the primary purpose of carrying on a trade or business for profit.

FILED  
1-21-09



#### ARTICLE IV

**MEMBERS:** The Corporation shall have one class of members ("Members") with voting rights as specified in the Bylaws of the Corporation. Except for the initial Members, whose names are set forth in the Bylaws, new Members shall be admitted upon the unanimous approval of the Board of Directors, subject to the obligation to make Member contributions, as required by the Bylaws.

#### ARTICLE V

**BOARD OF DIRECTORS:** The Board of Directors shall manage the business and the conduct of the affairs of the Corporation in accordance with these Articles of Incorporation and the Bylaws. The initial Bylaws shall be adopted by the Board of Directors. Such Bylaws may contain provisions for the regulation or management of the affairs of the Corporation that are not inconsistent with the law or these Articles of Incorporation, as the same may from time to time be amended. The Board of Directors shall consist of no fewer than three (3) directors.

**APPOINTMENT OF DIRECTORS:** Except for the initial Board of Directors, whose names and addresses are set forth in these Articles of Incorporation, the Board of Directors shall be chosen by the Members in the manner provided in the Bylaws. Each initial Director shall serve until his or her successor has been appointed. Each Director, other than the initial Directors, shall be elected to serve until death, incapacity to serve hereunder, resignation, removal, or until his/her appointing Member ceases to be a Member, as provided in the Bylaws.

#### ARTICLE VI

##### **DISSOLUTION AND DISTRIBUTION:**

A. If for any reason the Corporation is to be dissolved or otherwise terminated, no part of the property of the Corporation or any of the proceeds shall be distributed to, or inure to the benefit of, any of the officers, directors or employees of the Corporation, but all property and proceeds of the Corporation, subject to the discharge of valid obligations of the Corporation and to applicable provisions of the Non-Profit Corporation Act shall be distributed exclusively among one or more organizations which would then qualify under the provisions of sections 501(c)(3) or 501(c)(4) of the Code.

B. Although the period of duration of the Corporation is perpetual, voluntary dissolution may be accomplished by the vote of at least majority of the Directors present at a duly noticed meeting of the Board of Directors at which a quorum is present. If for any other reason the Corporation must be dissolved or terminated, such dissolution or termination shall be accomplished according to the provisions of the Non-Profit Corporation Act.

## ARTICLE VII

**REGISTERED OFFICE AND AGENT:** The address of the initial registered office of the Corporation in the District of Columbia is 3501 Ordway Street NW, Washington, DC 20016. The name and street address of the initial registered agent is Roger Pollak, 3501 Ordway Street NW, Washington, DC 20016. This agent's consent to act as registered agent for the company is evidenced in the attached executed "Written Consent to Act as Registered Agent."

## ARTICLE VIII

**INITIAL DIRECTORS:** There shall be three directors to serve on the initial Board of Directors who shall serve until the first annual meeting of Members or until their successors are selected and qualified. The names and addresses of such initial directors are:

**Name**

**Address**

Douglas L. Greenfield	805 15 <sup>th</sup> Street, N.W., Washington, DC 20005
Susan G. Lahne	805 15 <sup>th</sup> Street, N.W., Washington, DC 20005
Tearyn J. Parroff	805 15 <sup>th</sup> Street, N.W., Washington, DC 20005

## ARTICLE IX

**INCORPORATORS:** The name and address of each incorporator is:

**Name**

**Address**

Douglas L. Greenfield	805 15 <sup>th</sup> Street, N.W., Washington, DC 20005
Susan G. Lahne	805 15 <sup>th</sup> Street, N.W., Washington, DC 20005
Tearyn J. Parroff	805 15 <sup>th</sup> Street, N.W., Washington, DC 20005

## ARTICLE X

**AMENDMENT TO BYLAWS:** In addition to other powers expressly granted by statute, the Board of Directors is authorized to adopt, amend or repeal the Bylaws of the Corporation.

**AMENDMENT TO ARTICLES OF INCORPORATION:** From time to time any of the provisions of these Articles of Incorporation may be amended, altered or repealed by a vote of at least a majority of the Directors present at a duly noticed meeting of the Board of Directors at which a quorum is present.

## **ARTICLE XI**

### **INDEMNIFICATION:**

A. Each person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "Proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action or inaction in an official capacity or in any other capacity while so serving, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the laws of the District of Columbia, as the same exist or may hereafter be amended, against all costs, charges, expenses, liabilities and losses (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to serve in such capacity and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board. The right to indemnification conferred in this Article shall be a contract right and shall include the right to be paid by the Corporation reasonable expenses incurred in defending any such proceeding in advance of its final disposition. The Corporation shall provide for the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, subject to delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Article or otherwise. The Corporation may, by action of the Board of Directors, provide indemnification and advances of expenses to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers.

B. If a claim under Clause A of this Article is not paid in full by the Corporation within thirty days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the reasonable expenses of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending

any proceeding in advance of its final disposition where the required undertaking, if any, is required, has been tendered to the Corporation) that the claimant has failed to meet a standard of conduct that makes it permissible under the law of the District of Columbia for the Corporation to indemnify the claimant for the amount claimed. Neither the failure of the Corporation (including its Board of Directors or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of the claimant is permissible in the circumstances because he or she has met such standard of conduct, nor an actual determination by the Corporation (including its Board of Directors or independent legal counsel) that the claimant has not met such standard of conduct, shall be a defense to the action or create a presumption that the claimant has failed to meet such standard of conduct.

C. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, bylaw, agreement, vote of disinterested directors or otherwise.


D. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the law of the District of Columbia.

E. To the extent that any director, officer, employee or agent of the Corporation is by reason of such position, or a position with another entity at the request of the Corporation, a witness in any action, suit or proceeding, he or she shall be indemnified against all costs and expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

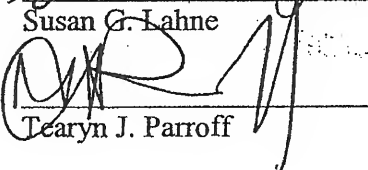
F. The Corporation may enter into agreements with any director, officer, employee or agent of the Corporation providing for indemnification to the full extent permitted by the law of the District of Columbia.

G. Notwithstanding any subsequent repeal or modification of this Article XI the benefits of this Article shall continue to apply to any person otherwise entitled thereto with respect to any act or omission occurring prior to such repeal or modification.

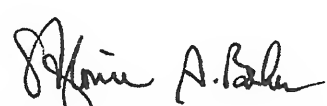
IN WITNESS WHEREOF, the incorporators of the Corporation have executed these Articles of Incorporation on this 21 day of January, 2009. These Articles of Incorporation may be executed in two or more counterparts, each of which when so executed shall be deemed to be an original, but all of which shall together constitute one and the same instrument.

  
Douglas L. Greenfield

  
Susan G. Lahne

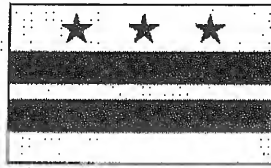
  
Tearyn J. Parroff

Subscribed and sworn to before me by Douglas L. Greenfield,  
Susan G. Lahne and Tearyn J. Parroff on January 21, 2009.

  
Notary Public

Stephanie A. Baker  
Notary Public, District of Columbia  
My Commission Expires 3-31-2010

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS  
CORPORATIONS DIVISION



**C E R T I F I C A T E**

**THIS IS TO CERTIFY** that all applicable provisions of the District of Columbia  
NONPROFIT CORPORATION Act have been complied with and accordingly, this  
**CERTIFICATE OF AMENDMENT** is hereby issued to:

**BLUEGREEN ALLIANCE, INC. (THE)**

**IN TESTIMONY WHEREOF I** have hereunto set my hand and caused the seal  
of this office to be affixed as of **11/14/2011**



Business and Professional Licensing Administration

**PATRICIA E. GRAYS**  
Superintendent of Corporations  
Corporations Division

Vincent C. Gray  
Mayor

Tracking #: XLR8RLWQTQ

Reset Form

Print Form



**DEPARTMENT OF CONSUMER & REGULATORY AFFAIRS  
District of Columbia Government**

**Corporations Division**

**Articles of Amendment of Domestic Non-Profit Corporation**

**Form DNP-2, Version 2, July 2010**

Pursuant to the provisions of the District of Columbia non-profit Corporation Act, the undersigned adopts the following Articles of Amendment to its Articles of Incorporation:

1. Name the non-profit corporation.

BlueGreen Alliance, Inc.

2. The following amendment of the Articles of Incorporation was adopted by the Corporation in the manner prescribed by the District of Columbia Non-profit Corporation Act:

Article V, Appointment of the Directors, is being amended and the new provision now states that except for the initial Board of Directors, whose names and addresses are set forth in these Articles of Incorporation, the Board of Directors shall be chosen in the manner provided in the Bylaws.

**Mail all forms and required payment to:**

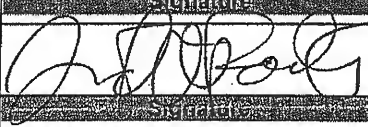
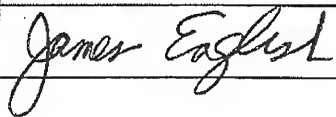
Department of Consumer and Regulatory Affairs  
Corporations Division  
PO Box 92300  
Washington, DC 20090  
Phone: (202) 442-4400

Please check [dcra.dc.gov](http://dcra.dc.gov) to view organizations required to register, to search business names, to get step-by-step guidelines to register an organization, to search registered organizations, and to download forms and documents. Just click on "Corporate Registrations."

3. Amendment has been adopted in the following manner: Option A or B or C must be chosen, but not both:

- ☐ (A) "The amendment was adopted at a meeting of members held on the following date at which a quorum was present, and the amendment received at least two-thirds of the votes which members present or represented by proxy at such meeting were entitled to cast."
- ☐ (B) "The amendment was adopted by consent in writing signed by all members entitled to vote with respect hereto."
- ☒ (C) "The amendment was adopted at a meeting of the Board of Director held on the following date and received the vote of a majority of the Directors in office, there being no members having voting rights in respect thereof."  
May 17, 2011

If you sign this form, you agree that you understand that anyone who makes a false statement anywhere on it can be punished by criminal penalties of a fine up to \$1000, imprisonment up to 180 days, or both, under DCOC § 22-2405.

President/Vice-President	Date	Signature
David Foster		
Secretary/Treasurer	Date	Signature
James English	10-11-11	

**Mail all forms and required payment to:**

Department of Consumer and Regulatory Affairs  
Corporations Division  
Box 92300  
Washington, DC 20090  
Phone: (202) 442-4400

Please check [dcra.dc.gov](http://dcra.dc.gov) to view organizations required to register, to search business names, to get step-by-step guidelines to register an organization, to search registered organizations, and to download forms and documents. Just click on "Corporate Registrations."



**BYLAWS  
OF  
THE BLUEGREEN ALLIANCE, INC.**

**ARTICLE I  
NAME; MISSION; OFFICES**

Section 1.1 Name. The name of this corporation is the BlueGreen Alliance, Inc. (the "Corporation").

Section 1.2 Background and Mission. The Corporation is organized as a non-profit corporation under the Non-Profit Corporation Act (D.C. Code, Title 29, Chapter 3 as amended), and shall be operated exclusively to constitute a social welfare organization within the meaning of section 501(c)(4) of the Internal Revenue Code of 1986, as amended (the "Code"). Except as limited by the Articles of Incorporation or these Bylaws, the Corporation shall have and may execute all such powers expressly or impliedly conferred upon non-profit corporations organized under the laws of the District of Columbia, except the Corporation shall not engage in any activity that is prohibited to a corporation exempt from federal income tax under section 501(c)(4) of the Code. The Corporation is organized primarily for the purpose of promoting solutions to environmental challenges and creating economic opportunities for the American people. The activities of this corporation shall include, without limiting the generality of the foregoing, engaging in public education and lobbying in support of public policies consistent with its central purpose.

Section 1.3 Registered Office. The Corporation shall have and continuously maintain in the District of Columbia a registered office and a registered agent whose office is located in such registered office. The registered office may be, but need not be, located in the principal office of the Corporation. The address of the registered office may from time to time be changed by the Board of Directors (the "Board").

Section 1.4 Principal Office. The principal office of the Corporation shall be located in Minneapolis, Minnesota.

Section 1.5 Other Offices. The Board may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to conduct its activities.

**ARTICLE II  
MEMBERS**

Section 2.1 Members. Any organization that is an initial Member or is subsequently admitted as a member pursuant to Section 2.3, and which agrees to pay

Member Contributions pursuant to Section 2.4, shall constitute a member with the right to appoint a Director pursuant to Article III (“Members”).

Section 2.2 Initial Members. The following organizations shall constitute initial Members:

- Communications Workers of America, AFL-CIO, CLC, and any successor thereof (“CWA”)
- Laborers International Union of North America, CTW, CLC, and any successor thereof (“LIUNA”)
- Natural Resources Defense Council, and any successor thereof (“NRDC”)
- Sierra Club, and any successor thereof (the “Sierra Club”)
- Service Employees International Union, CTW, CLC, and any successors thereof (“SEIU”)
- United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC, and any successor thereof (“USW”)

Section 2.3 Admission of Members. Any organization that seeks to become a Member may be admitted by the majority vote of the Directors who are appointed by Members, provided that such organization agrees to be bound by these Bylaws, including, without limitation, the Member contribution obligations set forth in Section 2.4; and provided that no existing Member objects to the admission of the new member in writing within seven (7) business days after the vote.

Section 2.4 Member Contributions. Each Member shall make an annual contribution, or such other contributions to the Corporation, in the amount, time, and manner determined by the Board from time to time. Each Member hereby obligates itself to the Board to make the contributions required by these Bylaws. Member contributions shall be due and payable at the principal office of the Corporation or at any other place designated by the Board.

Section 2.5 Due Date of Contributions. Member contributions shall be due and payable on the date specified by the Board from time to time. The date on which Member contributions are due and payable will be referred to herein as the “Due Date.”

Section 2.6 Delinquent Member Contributions. A Member shall be considered to be delinquent if it (1) fails to submit the required contributions by the Due Date; or (2) otherwise fails to meet its obligations hereunder.

Section 2.7 Enforcement of Member Contribution Obligations. The Board shall enforce all obligations of Members to make Contributions to the Corporation by any

means the Board deems appropriate. The Board of Directors may adopt uniform, specific, reasonable, and diligent collection procedures to enforce obligations of Members to make Contributions.

Section 2.8 Voluntary Termination of Membership. Any Member that determines it is not in its interest to continue its membership may resign its membership immediately upon notice to the Chairperson. Voluntary termination of membership shall not entitle a Member to a refund of any Member Contributions attributable to a period prior to the Member's resignation.

Section 2.9 Involuntary Termination of Membership. The membership of any Member may be terminated, with or without cause, by a unanimous vote of the Board, not counting the vote of the Director appointed by the Member whose membership is the subject of the vote, at a regular or special meeting of the Board. Involuntary termination of membership shall not entitle a Member to a refund of any Member Contributions attributable to a period prior to the Member's termination.

### **ARTICLE III DIRECTORS**

Section 3.1 Powers. Except as provided in the Articles of Incorporation, the Board shall have the power to manage or direct the management of the property, business and affairs of the Corporation, and except as expressly limited by law, to exercise all of its corporate powers.

Section 3.2 Appointment of Directors. Other than the initial Directors, who shall serve until their successors have been appointed, the Board shall consist of (i) one director appointed by each Member (each a "Director") and (ii) three Directors appointed by the Apollo Alliance Advisory Board (the "Apollo Directors"), one of whom shall have the same degree of voting power as a Director appointed by a Member (the "Apollo Voting Director"), except that the Apollo Voting Director shall have no rights to object to a new Member under Article 2.3 above, and two of whom shall have no voting powers whatsoever (the "Apollo Non-Voting Directors"). There shall be seventeen (17) Directors.. Each Director appointed by a Member shall be one of the top constitutional officers of, or hold a senior position within, the Member's organization. Any vacancy on the Board shall be filled by the Member then lacking Board representation or, if the vacancy is one of the Apollo Directors, by the Apollo Alliance Advisory Board, subject to the approval of the BGA Board.

Section 3.3 Removal and Resignation of Directors. Any Director appointed by a Member may be removed by such Member at any time, with or without cause. Such removal shall take effect upon written notice from the appointing Member to the Board. Any Director may resign at any time by giving at least thirty days' advance written notice to the Board (or such shorter notice as the Board may accept as sufficient) stating a date when such resignation shall take effect. Such resignation shall take effect on the date specified in the notice or, if a successor Director has been appointed effective as of an

earlier date, on such earlier date. A Director appointed by a Member shall be removed upon the date such appointing Member's membership status is terminated. The Apollo Directors may be removed by the Apollo Alliance Advisory Board at any time, with or without cause. Such removal shall take place upon written notice from the Apollo Alliance Advisory Board.

Section 3.4 Term. Each Director shall continue to serve as such until his death, incapacity to serve hereunder, resignation, removal, or until his or her appointing Member ceases to be a Member.

Section 3.5 Chairperson of the Board. The Board may, at its election, appoint one or more Chairpersons. If a Chairperson of the Board is elected, he or she shall, if present, preside at all meetings of the Board. He or she also shall have such other powers and duties as may from time to time be assigned to him or her by the Board.

Section 3.6 Meetings. The Board shall determine the time and place of their meetings and may establish a regular meeting schedule as the Board deems advisable, provided that the Board shall meet no fewer than once during the fiscal year of the Corporation. Meetings of the Board may be held at any time by request of the Chairperson or by request to the Chairperson by a Member, by giving notice thereof at least 15 calendar days before the meeting is held to all of the Directors. All such meetings may be conducted on a telephonic basis in situations in which an in-person meeting is not practicable. The Board is empowered to adopt rules of procedure for the conduct of its meetings, provided such rules do not contradict any provision of these Bylaws.

Section 3.7 Manner of Taking Action. Except as otherwise provided in these Bylaws, the Board may take action only by the vote of at least a majority of the voting Directors present at any meeting in which there is a quorum, and only if every Director has received written notice of the meeting at least 15 calendar days before the meeting is held. Notwithstanding anything to the contrary in this Section 3.7, Article VII or Articles VI and X of the Corporation's Articles of Incorporation, upon the request of any Director with respect to any action requiring a vote, the Board may take action only by the vote of at least two-thirds of the voting Directors present at any meeting in which there is a quorum and the notice requirements have been satisfied.

Section 3.8 Proxy Voting. A voting Director who is unable to attend a scheduled meeting of the Board or a Committee meeting may give a written proxy to another person from the Member organization that appointed the missing Director. Such person shall be authorized to cast votes on behalf of the missing Director for that scheduled Board or Committee meeting. The appointment of proxy must be submitted in writing or transmitted via electronic mail to an Officer, the Executive Director, or a designated agent of the Executive Director.

Section 3.9 Quorum. A quorum shall consist of one-third of the ~~voting~~ Directors then serving on the Board, without regard to any vacancy than extant.

Section 3.10 Committees. The Board may designate committees, including without limitation, an executive committee, each committee to consist of one or more of the Directors. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board and to the extent permitted by applicable law, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it.

Section 3.11 Action Without Meeting. Unless otherwise restricted by applicable law or by the Articles of Incorporation or by these Bylaws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or of such committee, as the case may be, consent thereto in accordance with applicable law.

Section 3.12 Interested Directors; Quorum. No contract or transaction between the Corporation and one or more of its Directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are Directors or officers, or have financial interest, shall be void or voidable solely for this reason, or solely because the Director or officer is present at or participates in the meeting of the Board which authorizes the contract or transaction, or solely because his, her, or their votes are counted for that purpose, if: (1) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board, and the Board in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Directors, even though the disinterested Directors constitute less than a quorum; or (2) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board which authorizes the contract or transaction.

Section 3.13 Delegates. In addition to the appointment of a Director pursuant to Section 3.2, each Member may appoint one Delegate to serve on the Steering Committee. If appointed, the Steering Committee would carry out the policies and directives of the Directors and would bear such responsibilities for the oversight and direction of the Corporation's operations and activities as the Board may delegate from time to time. The Steering Committee would meet as frequently, and take actions in a manner, as may be determined by the Board from time to time – or in the absence of such a determination, by the Steering Committee itself in written procedures promulgated from time to time by the then Delegates unanimously. Notwithstanding anything to the contrary in this Section 3.13, the Board shall not delegate to the Steering Committee the power: (a) to amend these Bylaws, (b) to dissolve the Corporation, or (c) to select, retain and compensate the officers of the Corporation.

## ARTICLE IV OFFICERS

Section 4.1     Appointment and Salaries. The officers of the Corporation shall be appointed by the Board and shall be an Executive Director, a Secretary and a Treasurer. The officers shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board. If the Board decides that the officers of the Corporation shall be compensated, the Board shall fix the salaries of all officers appointed by it. Unless prohibited by applicable law or by the Articles of Incorporation or by these Bylaws, one person may be elected or appointed to serve in more than one official capacity. However, the office of Executive Director and Secretary must be held by different persons. Any vacancy occurring in any office of the Corporation shall be filled by the Board.

Section 4.2     Removal and Resignation. Any officer may be removed at any time, either with or without cause, by the Board or, in the case of an officer not appointed by the Board, by the Executive Director. Any officer may resign at any time by giving notice to the Board, the Executive Director or Secretary. Any such resignation shall take effect at the date of receipt of such notice or at any later time specified therein and, unless otherwise specified in such notice, the acceptance of the resignation shall not be necessary to make it effective.

Section 4.4     Executive Director. The Executive Director shall have such powers as generally appertain to his office, subject to the control of the Board. The Executive Director may sign any deeds, bonds, mortgages, contracts, and other documents that the Board has authorized to be executed, except where required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board or these Bylaws to some other officer or agent of the Corporation. In addition, the Executive Director shall perform whatever duties and shall exercise whatever powers as may be prescribed from time to time by the Board.

Section 4.5     Deputy Executive Director. In the absence of the Executive Director, or in the event of the Executive Director's inability or refusal to act, the Deputy Executive Director, if any (or if there be more than one Deputy Executive Director, the Deputy Executive Directors in the order of their rank or, if of equal rank, then in the order designated by the Board or the Executive Director or, in the absence of any designation, then in the order of their appointment), shall perform the duties of the Executive Director and when so acting, shall have all the powers of and be subject to all the restrictions upon the Executive Director. The Deputy Executive Director, if any, shall perform such other duties and have such other powers as the Board or Executive Director may from time to time prescribe.

Section 4.6 Secretary. The Secretary shall attend all meetings of the Board (unless the Board shall otherwise determine) and record all the proceedings of the meetings of the Board in a book to be kept for that purpose and shall perform like duties for the committees when required. The Secretary shall give, or cause to be given, notice of all meetings and special meetings of the Board. The Secretary shall have custody of the corporate seal of the Corporation and shall have authority to affix the same to any instrument requiring it and to attest it. The Secretary shall perform such other duties and have such other powers as the Board or the Executive Director may from time to time prescribe.

Section 4.7 Treasurer. The Treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board. The Treasurer may disburse the funds of the Corporation as may be ordered by the Board or the Executive Director, taking proper vouchers for such disbursements, and shall render to the Board at its regular meetings, or when the Board so requires, an account of transactions and of the financial condition of the Corporation. The Treasurer shall perform such other duties and have such other powers as the Board or the Executive Director may from time to time prescribe.

If required by the Board, the Treasurer shall give the Corporation a bond (which shall be renewed at such times as specified by the Board) in such sum and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of such person's office and for the restoration to the Corporation, in case of such person's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in such person's possession or under such person's control belonging to the Corporation.

## ARTICLE V SEAL

It shall not be necessary to the validity of any instrument executed by any authorized officer or officers of the Corporation that the execution of such instrument be evidenced by the corporate seal, and all documents, instruments, contracts and writings of all kinds signed on behalf of the Corporation by any authorized officer or officers shall be as effectual and binding on the Corporation without the corporate seal as if the execution of the same had been evidenced by affixing the corporate seal thereto. The Board may give general authority to any officer to affix the seal of the Corporation and to attest the affixing by signature. The corporate seal shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board.

## **ARTICLE VI FISCAL YEAR**

The fiscal year of the Corporation shall be fixed by resolution of the Board from time to time.

## **ARTICLE VII AMENDMENTS**

Subject to any contrary or limiting provisions contained in the Articles of Incorporation, these Bylaws may be amended or repealed, or new Bylaws may be adopted by the affirmative vote of a majority of the Directors present at any meeting in which there is a quorum and the notice requirements have been satisfied.

## **ARTICLE VIII MISCELLANEOUS**

Section 8.1 Records/Form of Records. There shall be kept at the principal office of the Corporation, correct books of accounts of all the business and transactions of the Corporation. Any records maintained by the Board in the regular course of its business, including its membership ledger, books of account, and minute books, may be kept on or in any appropriate form designated by the Secretary provided that the records so kept can be converted into clearly legible written form within a reasonable time. The records so kept will be made available for inspection upon the request of any Member.

Section 8.2 Waiver of Notice of Meetings of Board and Committees. Any waiver of notice, given by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of that meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any regular or special meeting of the Directors or members of a committee of Directors need be specified in any waiver of notice.

Section 8.3 Grants. The Board may prospectively or retroactively authorize any officer or officers, agent or agents, in the name, and on behalf, of the Corporation, and in the administration of any approved program, to make any grants or contributions or provide financial assistance to any qualified individuals or organizations.

Section 8.4 Execution of Contracts. The Board, except as otherwise provided in these Bylaws, may prospectively or retroactively authorize any officer or officers, agent or agents, in the name, and on behalf, of the Corporation, to enter into any contract, or execute and deliver any instrument as may be necessary to carry out the purposes of the Corporation. Any such authority may be general or confined to specific instances.



Section 8.5 Loans. The Board may authorize the Executive Director or any other officer or agent of the Corporation to: (i) obtain loans and advances at any time for the Corporation from any bank, trust company, firm, corporation, individual or other institution; (ii) make, execute, and deliver promissory notes, bonds, or other certificates or evidences of indebtedness of the Corporation; and (iii) pledge and hypothecate, or transfer any securities or other property of the Corporation as security for any such loans or advances. Such authority conferred by the Board may be general or confined to specific instances. No loans shall be made by the Corporation to any Director or officer thereof.

Section 8.6 Gifts. The Board may accept on behalf of the Corporation, any contribution, gift, bequest or devise for the purposes of the Corporation.

Section 8.7 Investments. The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it according to the judgment of the Board. The Board is restricted to the prudent investments that a Director is or may hereafter be permitted by law to make.

Section 8.8 Voting of Securities Held by the Corporation. Any and all shares of capital stock or securities of any other entity or entities standing in the name of the Corporation shall be voted, and all rights incident thereto shall be represented and exercised on behalf of the Corporation, as follows: (i) as the Board may determine from time to time, or (ii) in the absence of such determination, by the Chairperson of the Board, or (iii) if there is no Chairperson of the Board, or if the Chairperson of the Board shall not vote or otherwise act with respect to the shares, by the Executive Director. The foregoing authority may be exercised either by any such officer in person or by any other person authorized so to do by proxy or power of attorney duly executed by said officer. However, the Board, Chairperson of the Board and the Executive Director shall not have authority to vote the shares of other entities that are held in trust for this Corporation, where the terms of the trust preclude this Corporation from exercising any power to determine who shall be entitled to vote or to assign and transfer such shares.

Section 8.9 Depositories. The funds of the Corporation not otherwise employed shall from time to time be deposited to the order of the Corporation in such banks, trust companies, or other depositories as the Board may select, or as may be selected by any one (1) or more officers or agents of the Corporation to whom such power may from time to time be delegated by the Board.

Section 8.10 Signatories. All checks, drafts, and other orders for payment of money out of the funds of the Corporation, and all notes and other evidences of indebtedness of the Corporation, shall be signed on behalf of the Corporation in such manner as shall from time to time be determined by the Board. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer and countersigned by the Executive Director.

Section 8.11 Rights of Third Parties. These Bylaws do not, and shall not be construed to, confer the status of third-party beneficiary on any person or entity. No third party, including without limitation any employee of a Member or any relative or beneficiary of any employee of a Member, shall have any right, title, or interest in any asset of the Corporation.

Section 8.12 Liability of the Corporation. The Corporation shall in no manner be liable for or be subject to the debts, contracts, or liabilities of any Member or Director (except in his capacity as a Director).

Section 8.13 Liability of Board. The responsibilities and obligations of the Board shall be strictly limited to those set forth in these Bylaws. The Board shall discharge its duties hereunder in accordance with the provisions as set forth herein.

Section 8.14 Liability of Members. Members shall in no manner be liable for or be subject to the debts, contracts, or liabilities of the Corporation, and any and all creditors of the Corporation shall look only to the assets of the Corporation for payment.

Section 8.15 Assignability. No right or interest created or conferred by these Bylaws or as part of any project implemented hereunder shall be assignable to any other party unless such assignment is specifically permitted by these Bylaws or by consent of the Board.

Section 8.16 Severability. If any provision of these Bylaws should be held by a court of competent jurisdiction to be invalid or illegal, the remaining provisions shall nevertheless be given effect insofar as the law permits.

Section 8.17 Applicable Law. These Bylaws shall be construed, administered, and enforced according to the laws of the District of Columbia. All Member contributions shall be deemed made in the District of Columbia.

Section 8.18 Execution by Counterpart. These Bylaws may be executed in any number of counterparts, each of which shall be considered as an original.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS



**C E R T I F I C A T E**

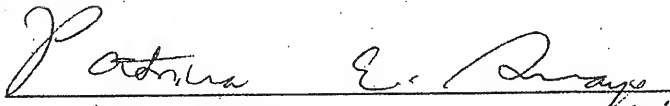
**THIS IS TO CERTIFY** that all applicable provisions of the District of Columbia NonProfit Corporation Act have been complied with and accordingly, this **CERTIFICATE OF INCORPORATION** is hereby issued to:

**THE BLUEGREEN ALLIANCE, INC.**

**IN WITNESS WHEREOF I** have hereunto set my hand and caused the seal of this office to be affixed as of the **21st** day of **January, 2009**.

LINDA K. ARGO  
Director

Business and Professional Licensing Administration

  
PATRICIA E. GRAYS  
Superintendent of Corporations  
Corporations Division

Adrian M. Fenty  
Mayor



LEASE

330 Townsend Street  
San Francisco, California

**330 Townsend Associates II, LLC,  
a California Limited Liability Company**

-LANDLORD-

**BlueGreen Alliance, Inc.,  
a District of Columbia Corporation**

-TENANT-

330 Townsend Street  
LEASE

**Basic Lease Information**

Date: June 22, 2011

**LANDLORD:** 330 Townsend Associates II, LLC  
c/o ATC PARTNERS, LLC  
Address: 1000 Sansome Street, Suite 180  
San Francisco, California 94111

**TENANT:** BlueGreen Alliance, Inc.  
330 Townsend Street, Suite 205  
San Francisco, California 94107

**Tenant's address for notices:**  
BlueGreen Alliance  
2828 University Ave. SE #200  
Minneapolis, MN 55414  
Phone 612-466-4479  
Fax 612-466-4519

.....  
**Paragraph 1 Premises**

Rentable Area of Premises: Approximately 1,707 rentable square feet,  
consisting of Suite 205 on the second floor of 330  
Townsend Street, San Francisco.

**Paragraph 2 Term:**

Thirty (30) full calendar months (plus any partial month at the beginning of the  
Term)

Commencement Date: July 1, 2011  
Expiration Date: December 31, 2013

**Paragraph 3 Base Rental:**

July 1, 2011 – July 31, 2010	\$4,131
August 1, 2011- December 31, 2013	\$5,121 per month

**Paragraph 5 Security Deposit:** \$ 5,121.00

**Paragraph 30 Broker:** Jones Lang LaSalle

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## LEASE

THIS LEASE (the "Lease") is made and entered into as of ~~April 21, 2009~~ <sup>July 1, 2011</sup> <sup>RM</sup> by and between **330 Townsend Associates II, LLC**, a California Limited Liability Company ("Landlord"), and **BlueGreen Alliance, Inc.**, a District of Columbia Corporation ("Tenant").

### 1. Premises

(a) Subject to and upon the terms, covenants and conditions hereinafter set forth, Landlord leases to Tenant and Tenant rents from Landlord those certain premises as set forth in the Basic Lease Information attached hereto and as approximately shown on the plan attached hereto as Exhibit A (the "Premises") in the building located at 330 Townsend Street, San Francisco, California (the "Building"). Subject to the terms and conditions of this Lease, Tenant is granted the right during the Term to the nonexclusive use of the main lobby of the Building, common corridors and hallways, stairwells, elevators, restrooms, and other common areas located in the Building.

Tenant shall accept the Premises in its "as-is" condition except as noted in Landlord Work. The Landlord makes no representations as to the existence or condition of any telecommunication and data cabling within the Premises. All Landlord work, if any, shall be performed during normal business hours or on weekend hours, determined by Landlord at its sole discretion. All labor and materials and colors shall be building standard.

2. Term This Lease shall be for the term commencing on the Commencement Date and expiring on the Expiration Date, unless sooner terminated as provided herein (the "Term"). The parties anticipate that the Commencement Date will occur on or about the Scheduled Commencement Date set forth in the Basic Lease Information (the "**Scheduled Commencement Date**"); provided, however, that Landlord shall not be liable for any claims, damages or liabilities if the Premises is not ready for occupancy by the Scheduled Commencement Date. If the Commencement Date is other than the first day of a calendar month, the initial term shall also include the remainder of the partial calendar month in which the Commencement Date occurs. When the Commencement Date has been established, Landlord and Tenant may, at the request of the other party, confirm the Commencement Date and Expiration Date in writing. Notwithstanding the foregoing, Tenant may enter the Premises, at its own risk, five (5) days prior to the Commencement Date at any time for the purpose of constructing tenant improvements, or to install fixtures, supplies, inventory and other property in the Premises, or to occupy the Premises prior to the Commencement Date. Pre-term possession will be subject to the availability of the Premises and subject to the rights of prior tenants. During the course of any such pre-term possession, all terms and conditions of this Lease, except rent and commencement, shall apply.

### 3. Rent

(a) Commencing on the Commencement Date, Tenant shall pay to Landlord a total annual "Base Rental" throughout the Term in equal monthly installments as set forth in the Basic Lease Information attached hereto, due and payable upon the first day of each and every month during the Term, except that Base Rent for the first full calendar month in which Base Rent is payable shall be paid upon Tenant's execution of this Lease. Rent shall be due monthly without any further notice from or demand by Landlord and without any offset or deduction whatsoever, in lawful money of the United States of America, at the address set forth in the Basic Lease Information attached hereto or elsewhere as designated from time to time by Landlord's written notice to Tenant. Tenant shall also pay to Landlord all charges and other amounts whatsoever as provided in this Lease ("Additional Rent"); and such Additional Rent shall be payable to Landlord at the place where the Base Rental is payable and Landlord shall have the same remedies for a default in the payment of Additional Rent as for a default in the payment of Base



Rental. If the Commencement Date should occur on a day other than the first day of a calendar month, or the Expiration Date should occur on a day other than the last day of a calendar month, then the Base Rental and Additional Rent for such fractional month shall be prorated on a daily basis. The Commencement Date shall be advanced one day for each day of Tenant Delay. "Tenant Delay" shall mean delays attributable to changes in or additions to any construction drawings or tenant plans, failure of Tenant to give authorizations or approvals within the time frames allowed or to pay when due any amounts required hereunder, and delays due to breaches or defaults by Tenant.

(b) Tenant recognizes that late payment of any Base Rental or Additional Rent will result in additional administrative expense to Landlord and will impair Landlord's ability to meet its obligations with respect to the Building and otherwise, the exact extent of which additional expense and impairment will be extremely difficult or impractical to determine. Tenant therefore agrees that if any Base Rental or Additional Rent remain unpaid for a period of five (5) days after the date the same is due, the amount of such unpaid Base Rental or Additional Rent shall be increased by a late charge to be paid to Landlord by Tenant in an amount equal to ten percent (10%) of the amount of the past due Base Rental and/or Additional Rent. The amount of the late charge to be paid to Landlord by Tenant on any delinquent Base Rental and/or Additional Rent shall be reassessed and added to Tenant's obligation for each successive monthly period accruing after the date on which the late charge is initially imposed until such late charge and all delinquent Base Rental and Additional Rent have been paid in full by Tenant. Tenant agrees that such amount is a reasonable estimate of the loss and expense to be suffered by Landlord as a result of any such late payment by Tenant. The provisions of this Paragraph 3(b) in no way relieve Tenant of the obligation to pay Base Rental or Additional Rent on or before the date on which they are due, nor do the terms of this Paragraph 3(b) in any way affect Landlord's remedies pursuant to Paragraph 18 in the event any Base Rental or Additional Rent are unpaid after the date due.

4. Additional Rent.

(a) For purposes of this Paragraph 4, the following terms shall have the meanings hereinafter set forth:

(i) "Base Year" shall mean the calendar year 2011.

(ii) "Taxes" shall mean all impositions, taxes, assessments (special or otherwise), and other governmental liens or charges of any kind or nature whatsoever, ordinary and extraordinary, foreseen and unforeseen, and any substitute therefore, including all taxes attributable in any manner to the Premises, the land on which the Premises is located or the rents (however the term may be defined) receivable therefrom or any charge or other payment required to be paid to any governmental authority, whether or not any of the foregoing shall be designated "real estate tax", "sales tax", "rental tax", "excise tax", "business tax", or designated in any other manner (except only those taxes of the following categories: any inheritance, estate succession, transfer or gift taxes imposed upon Landlord or any income taxes specifically payable by Landlord as a separate tax paying entity without regard to Landlord's income source as arising from or out of the Premises and/or the land on which it is located). Taxes shall also include reasonable legal fees, costs, and disbursements incurred in connection with proceedings to contest, determine, or reduce such Taxes.

(iii) "Operating Costs" shall mean all costs, expenses and disbursements of every kind and nature which Landlord shall pay or become obligated to pay in connection with the ownership, management, operation, maintenance, replacement and repair of the Building. Operating Expenses shall include but not be limited to (i) wages, salaries, benefits and fees of all personnel or entities engaged in the operation, repair, maintenance, management, or safekeeping of the Building; the costs of all supplies and materials (including work clothes and

uniforms) used in the operation, repair, maintenance and security; (ii) cost of performance by Landlord's personnel of, or of all service agreements for, maintenance, janitorial services, access control, alarm service, window cleaning, elevator maintenance and landscaping (such cost shall include the rental of personal property used by Landlord's personnel in the maintenance and repair); (iii) cost of utilities, including water, sewer, power, electricity, gas, fuel, lighting and all air conditioning, heating and ventilating costs to the Building (the Premises has ventilation and heating, but no air conditioning); (iv) accounting costs and reasonable legal fees actually incurred by Landlord or paid by Landlord to third parties (exclusive of legal fees with respect to disputes with individual tenants, negotiations of tenant leases, none of which shall be included as an Operating Expense), appraisal fees, consulting fees, all other professional fees and disbursements and all association dues; (v) cost of repairs and general maintenance for any portion of the Building; (vi) cost of improvements or equipment which are capital in nature, including interest thereon, shall be amortized on a straight-line basis over the useful life of the capital investment items, as reasonably determined by Landlord; (vii) a management fee (whether or not Landlord engages a manager for the Building or manages the Building with Landlord's personnel) and all items reimbursable to the Building manager, if any, pursuant to any management contract for the Building; (viii) amounts payable to any associations created under any conditions, covenants and restriction governing the Building and (ix) reasonable replacement reserves. Notwithstanding the foregoing, Operating Expenses shall not include, (i) costs of alterations of the premises of tenants of the Building, (ii) depreciation charges, (iii) interest and principal payments on loans (except for loans for capital improvements which Landlord is allowed to include in Operating Expenses as provided above), (iv) ground rental payments, (v) real estate brokerage and leasing commissions, (vi) advertising and marketing expenses, (vii) costs of Landlord reimbursed by insurance proceeds, (viii) expenses incurred in negotiating leases of tenants in the Building or enforcing lease obligations of tenants in the Building, and (ix) Landlord's or Landlord's property manager's corporate general overhead or corporate general administrative expenses. If any Operating Expense, though paid in one year, relates to more than one calendar year, at the option of Landlord such expense may be proportionately allocated among such related calendar years.

(iv) "Tenant's Share" shall mean 2.80%

(b) Tenant shall pay to Landlord as Additional Rent, each month, an amount equal to Tenant's Share of any increase in Taxes and Operating Costs from the Base Year.

(c) In addition, Tenant shall pay to Landlord as Additional Rent, upon written demand, such portion of all real estate Taxes which are attributable to the value of the improvements installed in the Premises by Tenant.

(d) Tenant shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant contained in the Premises or elsewhere. When possible, Tenant shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord. If any of Tenant's said personal property shall be assessed with Landlord's real property, Tenant shall pay Landlord the taxes attributable to Tenant within 10 days after receipt of a written statement setting forth the taxes applicable to Tenant's property.

## 5. Security Deposit

(a) Tenant concurrently with the execution of this Lease, has deposited with Landlord the sum set forth in the Basic Lease Information attached hereto, the receipt of which is hereby acknowledged by Landlord as security for the faithful performance by Tenant of all terms, covenants and conditions of this Lease. Tenant agrees that Landlord may apply the security deposit to remedy any failure by Tenant to repair or maintain the Premises or to perform any other terms, covenants and conditions contained herein or make any payment

owing hereunder. If Tenant has kept and performed all terms, covenants and conditions of this Lease during the Term, Landlord will, within thirty (30) days after the expiration hereof, promptly return the security deposit to Tenant or the last permitted assignee of Tenant's interest hereunder. Should Landlord use any portion of the security deposit to cure any default by Tenant hereunder, Tenant shall forthwith replenish the security deposit to the original amount. Landlord shall not be required to keep the security deposit separate from its general funds, and Tenant shall not be entitled to interest on any such deposit. Upon the occurrence of any Event of Default (as defined in Paragraph 18 of this Lease) the security deposit shall become due and payable to Landlord to the extent required to compensate Landlord for damages incurred, or to reimburse Landlord as provided herein, in connection with any such Event of Default.

6. Use and Compliance with Laws

(a) Tenant shall use and occupy the Premises for general office use and for no other purpose without the written consent of Landlord.

(b) Tenant shall not use the Premises or permit anything to be done in or about the Premises that will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall not do or permit anything to be done in or about the Premises or bring or keep anything therein which will in any way increase the rate of any insurance upon the Building or any of its contents or cause a cancellation of such insurance or otherwise affect such insurance in any manner, and Tenant shall at its sole cost and expense promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force and with the requirements of any board of fire underwriters or other similar body now or hereafter constituted relating to or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by alterations or improvements made by Tenant or Tenant's use of the Premises.

7. Hazardous Substances

Tenant will not cause, suffer or permit any Hazardous Substance (as hereinafter defined) to be brought, kept or stored within the Premises, and Tenant will not engage in or permit any other person to engage in any activity, operation or business upon the Premises that involves the generation, manufacture, refining, transportation, treatment, storage, handling or disposal of any Hazardous Substance that would or could result in Tenant, Landlord, the Premises, or the Building to be subject to any law, statute, ordinance, or regulation or rule of common law pertaining to health, industrial hygiene, or the environment. Tenant shall be responsible for any violation of this Article 7 by any subtenant or other occupant of the Premises. The term "Hazardous Substance" shall include, without limitation those substances, materials and wastes that are or become regulated under applicable local, state or federal law, or the United States government, or which are classified as hazardous or toxic under federal, state, or local laws or regulations.

8. Electricity/Janitorial

(a) Landlord agrees to provide to Tenant janitorial service at the Premises, and to make available to Tenant at the Premises electricity for normal business services usage. Notwithstanding Sections 3 and 4 of this Lease, Tenant shall pay to Landlord each month of the Term, as Additional Rent, a fee as compensation to Landlord for the janitorial service and for making available to Tenant electric current in the Premises. The fee shall be determined by Landlord from time to time throughout the Term. At the Commencement Date, the fee shall be Twelve and One-Half Cents (\$0.125) per rentable square foot per month for the janitorial service, and an additional Twelve and One-Half Cents (\$0.125) per rentable square foot per

month for electricity; provided that Landlord may increase the fees if in Landlord's discretion it determines that its costs of janitorial and/or electricity are higher.

(b) Payment for Additional Utilities and Services.

(i) Upon request by Tenant in accordance with the procedures established by Landlord from time to time for furnishing HVAC service at times other than Business Hours on Business Days, Landlord shall furnish such service to Tenant and Tenant shall pay for such services on an hourly basis at the then prevailing rate established for the Building by Landlord.

(ii) If the temperature otherwise maintained in any portion of the Premises by the HVAC systems of the Building is affected as a result of (i) any lights, machines or equipment used by Tenant in the Premises, or (ii) the occupancy of the Premises by more than one person per 150 square feet of rentable area, then Landlord shall have the right to install any machinery or equipment reasonably necessary to restore the temperature, including modifications to the standard air-conditioning equipment. The cost of any such equipment and modifications, including the cost of installation and any additional cost of operation and maintenance of the same, shall be paid by Tenant to Landlord upon demand.

(iii) If Tenant's usage of electricity, water or any other utility service exceeds the use of such utility Landlord determines to be typical, normal and customary for the Building, Landlord may determine the amount of such excess use by any reasonable means (including the installation at Landlord's request but at Tenant's expense of a separate meter or other measuring device) and charge Tenant for the cost of such excess usage. In addition, Landlord may impose a reasonable charge for the use of any additional or unusual janitorial services required by Tenant because of any unusual Tenant Improvements or Alterations, the carelessness of Tenant or the nature of Tenant's business (including hours of operation).

9. Alterations

Tenant shall not make any alternations, additions or improvements (collectively, "Alterations") in or to the Premises without the prior written consent of Landlord, which shall not be unreasonably withheld, but may be predicated upon but not limited to Tenant's use of contractors who are acceptable to Landlord; and any Alterations, except for Tenant's movable furniture and equipment, at Landlord's election, shall immediately become Landlord's property and, at the end of the Term, shall remain on the Premises without compensation to Tenant or, if Landlord shall elect, be removed by Tenant prior to the expiration date of this Lease. All Alterations shall be completed in compliance with all laws, codes, rules, and ordinances in effect at the time of such Alterations. In the event the making of any Alterations triggers any additional work to be performed to the Premises or the Building, such additional work shall be performed at Tenant's sole cost and expense. In the event Tenant fails to remove any Alterations required by Landlord to be removed, Landlord may remove such Alterations and Tenant shall be obligated to immediately reimburse Landlord for the cost therefore. In the event Landlord consents to the making of any Alterations by Tenant, the same shall be made by Tenant, at Tenant's sole cost and expense, in accordance with plans and specifications approved by Landlord, and any contractor or person selected by Tenant to make the same must first be approved in writing by Landlord or, at Landlord's option, the Alterations shall be made by Landlord for Tenant's account and Tenant shall reimburse Landlord for the cost thereof (including a reasonable charge for Landlord's overhead) within twenty (20) days after receipt of a statement from Landlord therefore. Upon the expiration or sooner termination of the Term, Tenant shall upon demand by Landlord and at Tenant's sole cost and expense, promptly remove any Alterations made by or for the account of Tenant that are designated by Landlord to be removed, and Tenant shall at its sole cost and expense, promptly repair and restore the Premises to its original condition.

10. Repair

(a) Tenant shall take good care of the Premises and, at Tenant's cost and expense, shall make all repairs and replacements as and when Landlord deems necessary to preserve the Premises in good working order and condition normal wear and tear excepting, except that Tenant shall not be required to make any such structural repairs or structural replacements unless necessitated or occasioned by the acts, omissions or negligence of Tenant, or any of its employees, contractors, agents or invitees, or by the manner of Tenant's use or occupancy of the Premises. Landlord shall not be liable for and there shall be no abatement of Base Rental or Additional Rent with respect to any injury to or interference with Tenant's business arising from any repairs, maintenance, alteration or improvement in or to any portion of the Building, including the Premises, or in or to the fixtures, appurtenances and equipment therein. Tenant hereby waives and releases its right to make repairs at Landlord's expense under Sections 1941 and 1942 of the California Civil Code or under any similar law, statute or ordinance now or hereafter in effect. In addition, Tenant hereby waives and releases its right to terminate this Lease under Section 1932(1) of the California Civil Code or under any similar law, statute or ordinance now or hereafter in effect.

(b) All repairs and replacements made by or on behalf of Tenant or any person claiming through or under Tenant shall be made and performed (i) at Tenant's sole cost and expense and at such time and in such manner as Landlord may designate, (ii) by contractors or mechanics approved by Landlord, (iii) so that same shall be at least equal in quality, value, and utility to the original work or installation, (iv) in accordance with the rules and regulations for the Building adopted by Landlord from time to time, and (v) in accordance with all applicable laws and regulations of governmental authorities having jurisdiction over the Premises.

11. Liens

Tenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by Tenant. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien, cause the same to be released of record by payment or posting of a proper bond, Landlord shall have, in addition to all other remedies provided herein and by law, the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith shall be considered Additional Rent and shall be payable to it by Tenant on demand with interest at the maximum rate permitted by law. Landlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law, or which Landlord shall deem proper, for the protection of Landlord, the Premises and the Building from mechanics' and materialmen's liens, and Tenant shall give to Landlord at least five (5) business days' prior notice of commencement of any construction in the Premises.

12. Assignment and Subletting

(a) General.

(i) Without the prior written consent of Landlord, which may be granted or withheld in Landlord's reasonable discretion (and subject to Landlord's right of Recapture under this Article), Tenant may not sublease, assign, mortgage, or otherwise transfer or permit the transfer of this Lease or the encumbering of Tenant's interest, by operation of Law or otherwise or permit the use or occupancy of the Premises, or any part thereof, by anyone other than Tenant. Tenant agrees that the provisions governing sublease and assignment set forth in this Article shall be deemed to be reasonable. If Tenant desires to enter into any sublease of the Premises or assignment of this Lease, Tenant shall deliver written notice thereof to Landlord ("Tenant's Notice"), together with the identity of the proposed subtenant or assignee and the

proposed principal terms thereof and financial and other information sufficient for Landlord to make an informed judgment with respect to such proposed subtenant or assignee at least sixty (60) days prior to the commencement date of the term of the proposed sublease or assignment. If Tenant proposes to sublease less than all of the Premises, the space proposed to be sublet and the space retained by Tenant must each be a marketable unit as reasonably determined by Landlord and otherwise in compliance with all Laws. Landlord shall notify Tenant in writing of its approval or disapproval of the proposed sublease or assignment or its decision to exercise its rights to recapture the space within thirty (30) days after receipt of Tenant's Notice (and all required information).

(ii) With respect to Landlord's consent to an assignment or sublease, the reasons for which Landlord's denial shall be deemed to be reasonable shall include, without limitation, the following:

(1) the business reputation or creditworthiness of any proposed subtenant or assignee is not acceptable to Landlord; or

(2) in Landlord's reasonable judgment the proposed assignee or sublessee would diminish the value or reputation of the Building or Landlord; or

(3) any proposed assignee's or sublessee's use of the Premises would violate the permitted uses for the Building; or

(4) the proposed assignee or subtenant is a governmental authority or agency, an organization or person enjoying sovereign or diplomatic immunity, or any user that will attract a volume, frequency or type of visitor or employee to the Building which is not, in Landlord's judgment, consistent with the standards of the Building;

(5) in Landlord's reasonable judgment, the use of the Premises by the proposed assignee or subtenant would entail any alterations which would lessen the value of the leasehold improvements in the Premises or make the Premises more difficult to re-lease at the expiration of the Term;

(6) Landlord (or any affiliate of Landlord) has experienced previous default by or is in litigation with the proposed assignee or subtenant; or,

(7) Tenant is in default past any applicable notice and cure period of any obligation of Tenant under this Lease.

(iii) Any sublessee or assignee shall be expressly subject to the terms and conditions of this Lease and shall execute such documents as Landlord may reasonably require to evidence such subtenant or assignee's assumption of the obligations and liabilities of Tenant under this Lease, including an agreement by any subtenant to attorn to Landlord on Landlord's standard form. Tenant shall deliver to Landlord a copy of all agreements executed by Tenant and the proposed subtenant and assignee with respect to the Premises. Landlord's approval of a sublease, assignment, hypothecation, transfer or third party use or occupancy shall not constitute a waiver of Tenant's obligation to obtain Landlord's consent to further assignments or subleases.

(iv) If Tenant is a corporation, limited liability company, partnership or similar entity, Landlord's consent shall not be required with respect to an assignment or subletting of this lease to an Affiliate of Tenant (i.e. a company which owns, is owned by or is under common ownership with Tenant), provided that (i) the assignee or subtenant is a reputable entity of good character, (ii) a duplicate original instrument of assignment or sublease agreement in form and substance reasonably satisfactory to Landlord, duly executed by Tenant and such assignee or subtenant, shall have been delivered to Landlord at least fifteen (15) days prior to the effective

date of any such assignment or subletting, (iii) in the case of an assignment, an instrument in form and substance satisfactory to Landlord, duly executed by the assignee, in which such assignee assumes observance and performance of, and agrees to be personally bound by, all of the terms, covenants and conditions of this lease on Tenant's part to be performed and observed shall have been delivered to Landlord at least fifteen (15) days prior to the effective date of such assignment, (iv) in the case of an assignment, such assignment is for a legitimate business purpose and not principally for the purpose of avoiding the restrictions on assignment otherwise applicable under this Article and (v) in the case of an assignment, such assignee has a Net Worth (as hereinafter defined), computed in accordance with generally accepted accounting principles (excluding goodwill and intangible assets) at least equal to or greater than Tenant's Net Worth as of the date of this Lease. "Net Worth" of Tenant for purposes of this Article shall be the net worth of Tenant (excluding any guarantors) established under generally accepted accounting principles consistently applied.

(v) For purposes of this Article Twelve, an assignment shall be deemed to include (i) a change in the majority control of Tenant, resulting from any transfer, sale or assignment of shares of stock of Tenant occurring by operation of Law or otherwise if Tenant is a corporation whose shares of stock are not traded publicly or a partnership or limited liability company, (ii) the involvement by Tenant or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, refinancing, transfer leveraged buy-out or otherwise) whether or not a formal assignment or hypothecation of this Lease or Tenant's assets occurs, which results or will result in a reduction of the Net Worth of Tenant, by an amount equal to or greater than twenty-five percent (25%) of such Net Worth of Tenant as it is represented to Landlord at the time of the execution by Landlord of this Lease. Notwithstanding the foregoing, transfers of stock in a corporation whose shares are traded in the "over-the-counter" market or any recognized national securities exchange shall not constitute an assignment for purposes of this Lease, provided that the principal purpose of such transfer or transfers is not to avoid the restrictions on assignment otherwise applicable under this Article.

(b) Recapture. Landlord shall have the option to exclude from the Premises covered by this Lease ("Recapture") the space proposed to be sublet or subject to the assignment, effective as of the proposed commencement date of such sublease or assignment. If Landlord elects to Recapture, Tenant shall surrender possession of the space proposed to be subleased or subject to the assignment to Landlord on the effective date of Recapture of such space from the Premises, such date being the Termination Date for such space. Effective as of the date of Recapture of any portion of the Premises pursuant to this section, the Monthly Base Rent, Rentable Area of the Premises and Tenant's Share shall be adjusted accordingly.

(c) Excess Rent. Tenant shall pay Landlord on the first day of each month during the term of the sublease or assignment, one hundred percent (100%) of the amount by which the sum of all rent and other consideration (direct or indirect) due from the subtenant or assignee for such month exceeds: (i) that portion of the Base Rental and Additional Rent due under this Lease for said month which is allocable to the space sublet or assigned; and (ii) the following costs and expenses for the subletting or assignment of such space: (1) brokerage commissions and attorneys' fees and expenses, (2) the actual costs paid in making any improvements or substitutions in the Premises required by any sublease or assignment; and (3) the actual costs of moving costs or other out of pocket expenses paid to subtenant or assignee. All such costs and expenses shall be amortized over the term of the sublease or assignment pursuant to sound accounting principles.

(d) Tenant Liability. In the event of any sublease or assignment, whether or not with Landlord's consent, Tenant shall not be released or discharged from any liability, whether past, present or future, under this Lease. Tenant's liability shall remain primary, and in the event of default by any subtenant, assignee or successor of Tenant in performance or observance of any of the covenants or conditions of this Lease, Landlord may proceed directly against Tenant



without the necessity of exhausting remedies against said subtenant, assignee or successor. After any assignment, Landlord may consent to subsequent assignments or subletting of this Lease and such action shall not relieve Tenant or any successor of Tenant of liability under this Lease. If Landlord grants consent to such sublease or assignment, Tenant shall pay all reasonable attorneys' fees and expenses incurred by Landlord with respect to such assignment or sublease.

13. Insurance and Indemnification

(a) Tenant agrees to defend, protect and indemnify Landlord against and save Landlord harmless from any and all loss, cost, liability, damage and expense, including without limitation, penalties, fines and reasonable counsel fees and disbursements, incurred in connection with or arising from any cause whatsoever in, on or about the Premises, including without limiting the generality of the foregoing: (i) any default by Tenant in the observance or performance of any of the terms, covenants or conditions of this Lease on Tenant's part to be observed or performed; or (ii) the use or occupancy or manner of use or occupancy of the Premises by Tenant or any person or entity claiming through or under Tenant, or (iii) the condition of the Premises or any occurrence or happening on the Premises from any cause whatsoever, or (iv) any acts, omissions or negligence of Tenant or any person or entity claiming through or under Tenant, or of the contractors, agents, servants, employees, visitors or licensees of Tenant or any such person or entity, in, on or about the Premises or the Building, either prior to the commencement of, during, or after the expiration of the Term, including without limitation any acts, omissions or negligence in making or performing any Alterations. In the event any action or proceeding is brought against Landlord for any claim against which Tenant is obligated to indemnify Landlord hereunder, Tenant upon notice from Landlord shall defend such action or proceeding at Tenant's sole expense by counsel selected by Landlord. The provisions of this Paragraph 13 shall survive the expiration or termination of this Lease with respect to any claims or liability occurring prior to such expiration or termination.

(b) Tenant shall procure at its cost and expense and keep in effect during the Term comprehensive general liability insurance including contractual liability with a minimum combined single limit of liability of Two Million Dollars (\$2,000,000.00) or such greater amount as Landlord may specify from time to time by written notice to Tenant. Such insurance shall name Landlord and the current property manager of the Building as additional insured, shall specifically include the liability assumed hereunder by Tenant (provided that the amount of such insurance shall not be construed to limit the liability of Tenant hereunder), and shall provide that it is primary insurance, and not excess over or contributory with any other valid, existing and applicable insurance in force for or on behalf of Landlord, and shall provide that Landlord shall receive thirty (30) days' written notice from the insurer prior to any cancellation or change of coverage. Tenant shall deliver policies of such insurance or certificates thereof to Landlord on or before the Commencement Date, and thereafter at least thirty (30) days before the expiration dates of expiring policies; and, in the event Tenant shall fail to procure such insurance, or to deliver such policies or certificates, Landlord may, at its option, procure the same for the account of Tenant, and the cost thereof shall be paid to Landlord as Additional Rent within five (5) days after delivery to Tenant of bills therefore. Tenant's compliance with the provisions of this Paragraph 13(b) shall in no way limit Tenant's liability under any of the other provisions of this Paragraph 13.

(c) Landlord shall procure and keep in effect during the Term commercial general liability insurance and casualty insurance insuring the Building, excluding any improvements or Alterations made by Tenant, and at Landlord's election including earthquake insurance and rental loss coverage, and Tenant shall pay Tenant's Share of the annual cost of all such insurance within thirty days after receipt of an invoice from Landlord.



14. Waiver of Subrogation

Landlord and Tenant shall each obtain from their respective insurers under all policies of fire, theft, public liability, workers' compensation and other insurance maintained by either of them at any time during the Term insuring or covering the Building or any portion thereof or operations therein, a waiver of all rights of subrogation which the insurer of one party might otherwise have against the other party, and Landlord and Tenant shall each indemnify the other against any loss or expense, including reasonable attorneys' fees, resulting from the failure to obtain such waiver.

15. Damage and Destruction

If the Premises or the Building are damaged by fire or other casualty, Landlord shall forthwith repair the same, provided that such repairs can be made within one hundred eighty (180) days after the date of such damage under the laws and regulations of the federal, state and local governmental authorities having jurisdiction thereof. In such event, this Lease shall remain in full force and effect except that Tenant shall be entitled to a proportionate reduction of Base Rental based upon the extent to which such damage and the making of such repairs by Landlord shall interfere with the business carried on by Tenant in the Premises. Within twenty (20) days after the date of such damage, Landlord shall notify Tenant whether or not such repairs can be made within one hundred eighty (180) days after the date of such damage. If such repairs cannot be made within one hundred eighty (180) days from the date of such damage, Landlord shall have the option within thirty (30) days after the date of such damage either to: (a) notify Tenant of Landlord's intention to repair such damage and diligently prosecute such repairs, in which event this Lease shall continue in full force and effect and the Base Rental shall be reduced as provided herein; or (b) notify Tenant of Landlord's election to terminate this Lease as of a date specified in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after notice is given. In case of termination, the Base Rental shall be reduced by a proportionate amount based upon the extent to which such damage interfered with the business carried on by Tenant in the Premises, and Tenant shall pay such reduced Base Rental up to the date of termination. The repairs to be made hereunder by Landlord shall not include, and Landlord shall not be required to repair, any damage to the property of Tenant. Tenant hereby waives the provisions of Section 1932, subdivision 2, and Section 1933, subdivision 4, of the Civil Code of California.

16. Eminent Domain

If any part of the Premises shall be taken or appropriated under the power of eminent domain such that the balance of the Premises is rendered unsuitable for its intended use, either party shall have the right to terminate this Lease at its option. If any part of the Building shall be taken or appropriated under power of eminent domain, Landlord may terminate this Lease at its option. In either of such events, Landlord shall receive (and Tenant shall assign to Landlord upon demand from Landlord) any income, rent, award or any interest therein which may be paid in connection with the exercise of such power of eminent domain provided, however, that Tenant may receive the portion of the sum paid by virtue of such proceedings to Tenant in its own right for relocation expenses and damage to Tenant's personal property. If a part of the Premises shall be so taken or appropriated and such taking or appropriation does not render the balance of the Premises unsuitable for its intended use or neither party hereto elects to terminate this Lease, and if the Premises have been damaged as a consequence of such partial taking or appropriation, Landlord shall restore the Premises continuing under this Lease at Landlord's cost and expense. Thereafter, the Base Rental to be paid under this Lease for the remainder of the term shall be proportionately reduced, such reduction to be based upon the extent to which the partial taking or appropriation shall interfere with the business carried on by Tenant in the Premises. Notwithstanding anything to the contrary contained in this Paragraph 16, in the case of any temporary taking of any part of the Premises during the Term, this Lease

shall be and remain unaffected by such temporary taking and Tenant shall continue to pay in full the Base Rental payable hereunder, and Tenant shall be entitled to receive that portion of any award which represents compensation for the use of or occupancy of the Premises during the Term, and Landlord shall be entitled to receive that portion of any award which represents the cost of restoration of the Premises and the use and occupancy of the Premises after the end of the Term.

17. Right of Entry

Landlord, or any of its agents, shall have the right to enter the Premises during all reasonable hours to examine the same or to make such repairs, additions or alterations as may be deemed necessary for the safety, comfort, or preservation thereof, or of the Building, or to exhibit the Premises at any time within one hundred eighty (180) days before the expiration of this Lease.

18. Events of Default and Remedies

(a) The occurrence of any one or more of the following events ("Event of Default") shall constitute a breach of this Lease by Tenant:

(i) Tenant fails to pay any Base Rental under this Lease as and when such rent becomes due and payable and such failure continues for more than three (3) days after Landlord gives written notice thereof to Tenant; provided, however, that after the second such failure in a calendar year, only the passage of time, but no further notice, shall be required to establish an Event of Default in the same calendar year; or

(ii) Tenant fails to pay any Additional Rent or other amount of money or charge payable by Tenant hereunder as and when such Additional Rent or amount or charge becomes due and payable and such failure continues for more than three (3) days after Landlord gives written notice thereof to Tenant; provided, however, that after the second such failure in a calendar year, only the passage of time, but no further notice, shall be required to establish an Event of Default in the same calendar year; or

(iii) Tenant fails to perform or breaches any other agreement or covenant of this Lease to be performed or observed by Tenant as and when performance or observance is due and such failure or breach continues for more than ten (10) days after Landlord gives written notice thereof to Tenant; provided, however, that if, by the nature of such agreement or covenant, such failure or breach cannot reasonably be cured within such period of ten (10) days, an Event of Default shall not exist as long as Tenant commences with due diligence and dispatch the curing of such failure or breach within such period of ten (10) days and, having so commenced, thereafter prosecutes with diligence and dispatch and completes the curing of such failure or breach; or

(iv) Tenant (A) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (B) makes an assignment for the benefit of its creditors, (C) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Tenant or of any substantial part of Tenant's property, or (D) takes action for the purpose of any of the foregoing; or

(v) Without consent by Tenant, a court or government authority enters an order, and such order is not vacated within thirty (30) days, (A) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Tenant or with respect to any substantial part of Tenant's property, or (B) constituting an order for relief or approving a petition

for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, or (C) ordering the dissolution, winding-up or liquidation of Tenant; or

(vi) This Lease or any estate of Tenant hereunder is levied upon under any attachment or execution and such attachment or execution is not vacated within thirty (30) days; or

(vii) Tenant intentionally abandons the Premises.

(b) If an Event of Default occurs, Landlord shall have the right at any time to give a written termination notice to Tenant and, on the date specified in such notice, Tenant's right to possession shall terminate and this Lease shall terminate. Upon such termination, Landlord shall have the right to recover from Tenant:

(i) The worth at the time of award of all unpaid rent which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which all unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which all unpaid rent for the balance of the term of this Lease after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; and

(iv) All other amounts necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform all of Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom. The "worth at the time of award" of the amounts referred to in clauses (i) and (ii) above shall be computed by allowing interest at the maximum annual interest rate allowed by law for business loans (not primarily for personal, family or household purposes) not exempt from the usury law at the time of termination or, if there is no such maximum annual interest rate, at the rate of eighteen percent (18%) per annum. The "worth at the time of award" of the amount referred to in clause (iii) above shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%). For the purpose of determining unpaid rent under clauses (i), (ii) and (iii) above, the rent reserved in this Lease shall be deemed to be the total rent payable by Tenant under Paragraphs 3 and 4 hereof.

(c) Notwithstanding the occurrence of an Event of Default, pursuant to California Civil Code § 1954.1, or any successor statute thereof, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession, and Landlord shall have the right to enforce all its rights and remedies under this Lease, including the right to recover all rent as it becomes due under this Lease. Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon initiative of Landlord to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession unless written notice of termination is given by Landlord to Tenant.

(d) The remedies provided for in this Lease are in addition to all other remedies available to Landlord at law or in equity by statute or otherwise.

(e) All agreements and covenants to be performed or observed by Tenant under this Lease shall be at Tenant's sole cost and expense and without any abatement of Base Rental and Additional Rent. If Tenant fails to pay any sum of money to be paid by Tenant or to perform any other act to be performed by Tenant under this Lease, Landlord shall have the right, but shall not be obligated, and without waiving or releasing Tenant from any obligations of Tenant,

to make any such payment or to perform any such other act on behalf of Tenant in accordance with this Lease. All sums so paid by Landlord and all necessary incidental costs shall be deemed Additional Rent hereunder and shall be payable by Tenant to Landlord on demand, together with interest on all such sums from the date of expenditure by Landlord to the date of repayment by Tenant at the maximum annual interest rate allowed by law for business loans (not primarily for personal, family or household purposes) not exempt from the usury law at the date of expenditure or, if there is no such maximum annual interest rate, at the rate of eighteen percent (18%) per annum. Landlord shall have, in addition to all other rights and remedies of Landlord, the same rights and remedies in the event of the nonpayment of such sums plus interest by Tenant as in the case of default by Tenant in the payment of Base Rental.

(f) If Tenant abandons or surrenders the Premises, or is dispossessed by process of law or otherwise, any movable furniture, equipment, trade fixtures or personal property belonging to Tenant and left in the Premises shall be deemed to be abandoned, at the option of Landlord, and Landlord shall have the right to sell or otherwise dispose of such personal property in any commercially reasonable manner.

19. Right of Landlord to Perform

All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement of Base Rental or Additional Rent. If Tenant shall fail to pay any sum of money, other than Base Rental or Additional Rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue for ten (10) days after notice thereof by Landlord, Landlord may, but shall not be obligated to do so, and without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such act on Tenant's part to be made or performed as provided in this Lease. All sums so paid by Landlord and all necessary incidental costs together with interest thereon at the maximum rate permitted by law, from the date of such payment by Landlord shall be payable as Additional Rent to Landlord on demand.

20. Notices

Any notices under this Lease shall be effective only if given in writing, sent by certified mail or delivered personally, (a) to Tenant (i) at the address designated for such notices in the Basic Lease Information attached hereto, if sent prior to Tenant's taking possession of the Premises, or (ii) at the Premises if sent subsequent to Tenant's taking possession of the Premises, or (iii) at any place where Tenant may be found if sent subsequent to Tenant's vacating, deserting, abandoning or surrendering the Premises, and (b) to Landlord at the address set forth in the Basic Lease Information, or (c) to such other address as either Landlord or Tenant may designate as its new address for such purpose by notice given to the other in accordance with the provisions of this Paragraph 20. Any notice shall be deemed to have been given two (2) days after the date when it shall have been mailed or upon the date personal delivery is made. If Tenant is notified of the identity and address of any mortgagee, Tenant shall give to such mortgagee notice of any default by Landlord under the terms of this Lease in writing sent by certified mail, and such mortgagee shall be given a reasonable opportunity to cure such default prior to Tenant's exercising any remedy available to it.

21. Quiet Enjoyment

Upon the payment by Tenant of all Base Rental and Additional Rent due hereunder, and upon performance by Tenant of all of the terms, covenants and conditions on Tenant's part to be observed and performed, Tenant shall peaceably and quietly hold and enjoy the Premises for the Term hereby demised, subject to all of the terms, covenants and conditions of this Lease.

22. Subordination and Attornment

(a) This Lease shall be subject and subordinate at all times to the lien of all mortgages and deeds of trust securing any amount or amounts whatsoever which may now exist or hereafter be placed on or against the Building or on or against Landlord's interest or estate therein, all without the necessity of having further instruments executed by Tenant to effect such subordination. Notwithstanding the foregoing, in the event of a foreclosure of any such mortgage or deed of trust or of any other action or proceeding for the enforcement thereof, or of any sale thereunder, this Lease shall not be terminated or extinguished, nor shall the rights and possession of Tenant hereunder be disturbed, if no Event of Default then exists under this Lease, and Tenant shall attorn to the person or entity that acquires Landlord's interest hereunder through any such mortgage or deed of trust. Tenant agrees to execute, acknowledge and deliver upon demand such further instruments evidencing such subordination of this Lease to the lien of all such mortgages and deeds of trust as may reasonably be required by Landlord.

(b) The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of Landlord, terminate all or any existing subleases or subtenancies or operate as an assignment to Landlord of any or all such subleases or subtenancies.

(c) If the original Landlord hereunder, or any successor owner of the Building, sells or conveys the Building, all liabilities and obligations on the part of the original Landlord, or such successor owner, under this Lease accruing after such sale or conveyance shall terminate and the original Landlord, or such successor owner, shall automatically be released therefrom, and thereupon all such liabilities and obligations shall be binding upon the new owner. Tenant agrees to attorn to such new owner.

23. Tenant's Certificates

From time to time upon not less than ten (10) days' prior written notice from Landlord, Tenant will execute and deliver to Landlord a certificate of Tenant stating: (a) that Tenant has accepted the Premises (or, if Tenant has not done so, that Tenant has not accepted the Premises and specifying the reasons therefore), (b) the Commencement and Expiration Dates of this Lease, (c) that this Lease is unmodified and in full force and effect (or, that there have been modifications), (d) whether or not there are then existing any defenses against the enforcement of any of the obligations of Tenant under this Lease (and, if so specifying same), (e) whether or not there are then existing any defaults by Landlord in the performance of its obligations under this Lease (and, if so, specifying same), (f) the dates, if any, to which the Base Rental and Additional Rent under this Lease have been paid, and (g) any other information that may reasonably be required by Landlord. It is intended that any such certificate of Tenant delivered pursuant to this Paragraph 23 may be relied upon by Landlord and any prospective purchaser or mortgagee of the Building or any portion thereof. Tenant's failure to execute and deliver such certificate to Landlord within ten (10) days of Landlord's written notice shall constitute a certification by Tenant (i) that Tenant has accepted the Premises, (ii) that there are no existing defenses against the enforcement of the obligations of Tenant under the Lease, and (iii) that there are no existing defaults by Landlord in the performance of its obligations under the Lease. In addition, Tenant's failure to execute and deliver such certificate to Landlord with ten (10) days of Landlord's written notice shall constitute a certification by Tenant that the information required in (b), (c), (f) and (g) of this Paragraph 23 to be included in the certificate of Tenant is as indicated by Landlord in writing to any prospective purchaser or mortgagee of any part of the Building or the land upon which the Building is located, if such a writing is provided by Landlord as a result of Tenant's failure to timely provide a tenant's certificate pursuant to this Paragraph 23.

24. Successors and Assigns

Subject to the provisions of Paragraph 12, the terms, covenants and conditions contained in this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective legal and personal representatives, successors and assigns.

25. Attorneys' Fees

If either party defaults in the performance of any of the terms, covenants and conditions of this Lease and by reason thereof the other party employs the services of an attorney to enforce performance of the covenants, or to perform any service based upon defaults, then in any of said events the prevailing party shall be entitled to reasonable attorneys' fees and all expenses and costs incurred by the prevailing party pertaining thereto (including costs and fees relating to any appeal) and in enforcement of any remedy.

26. Waiver

If either Landlord or Tenant waives the performance of any term, covenant or condition contained in this Lease, such waiver shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition contained herein. Furthermore, the acceptance of Base Rental or Additional Rent by Landlord shall not constitute a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, regardless of Landlord's knowledge of such preceding breach at the time Landlord accepted such Base Rental or Additional Rent. Failure by Landlord to enforce any of the terms, covenants or conditions of this Lease for any length of time shall not be deemed to waive or to decrease the right of Landlord to insist thereafter upon strict performance by Tenant. Waiver by Landlord of any term, covenant or condition contained in this Lease may only be made by a written document signed by Landlord.

27. Surrender of Premises

At the end of the Term or sooner termination of this Lease, Tenant will peaceably deliver to Landlord possession of the Premises, together with all improvements or additions upon or belonging to same, by whomsoever made, in the same condition as received or first installed, damage by fire, earthquake, Act of God, or the elements alone excepted. Upon the termination of this Lease, Tenant shall repair any damage caused by such removal. Property not so removed shall be deemed abandoned by Tenant, and title to the same shall thereupon pass to Landlord.

28. Holding Over

Any holding over after the expiration of the Term with the consent of Landlord shall be construed to be a tenancy from month to month at a monthly Base Rental equal to two hundred percent (200%) of the Base Rental for last month of the Term of this Lease, and shall otherwise be on the terms and conditions herein specified so far as applicable. Any holding over without Landlord's consent shall constitute an Event of Default and entitle Landlord to recover possession of the Premises in accordance with applicable law.

29. Limitation of Liability

Tenant agrees to look only to the equity of Landlord in the Premises and not to Landlord personally with respect to any obligations or payments due or which may become due from Landlord hereunder, and no other property or assets of Landlord or any partner, joint venturer, officer, director, shareholder, agent, or employee of Landlord, disclosed or undisclosed, shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's claims under or with respect to this Lease, and no partner, officer, director, agent or employee of

Landlord shall be personally liable in any manner or to any extent under or in connection with this Lease. If at any time the holder of Landlord's interest hereunder is a partnership or joint venture, a deficit in the capital account of any partner or joint venturer shall not be considered an asset of such partnership or joint venture.

30. Brokerage

Tenant represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction and that no broker, agent or other person brought about this transaction, other than the broker set forth in the Basic Lease Information attached hereto and Tenant agrees to indemnify and hold Landlord harmless from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this leasing transaction. The provisions of this paragraph shall survive the expiration or termination of this Lease.

31. Landlord's Right to Perform Building Renovations

(a) Tenant understands and agrees that Landlord may, at any time or from time to time during the term of the Lease, perform substantial renovation work in and to the Building or the mechanical systems serving the Building (which work may include, but need not be limited to, the repair or replacement of the Building's exterior facade, exterior window glass, elevators, electrical systems, air conditioning and ventilating systems, plumbing system, structural systems; including seismic upgrades, common hallways, or lobby), any of which work may require access to the same from within the Premises.

(b) Tenant agrees that (i) Landlord shall have access to the Premises at all reasonable times, upon reasonable notice, for the purpose of performing such work, and (ii) Landlord shall incur no liability to Tenant, nor shall Tenant be entitled to any abatement of rent on account of any noise, vibration, or other disturbance to Tenant's business at the Premises (provided that Tenant is not denied access to said Premises) which shall arise out of said access by Landlord or by the performance by Landlord of the aforesaid renovations at the Building.

(c) Landlord shall use commercially reasonable efforts (which shall not include any obligation to employ labor at overtime rates) to avoid disruption of Tenant's business during any such entry upon the Premises by Landlord.

32. Relocation of Premises

Landlord shall have the right from time to time during the term of this Lease to relocate the Premises within the Property, provided that (a) the rentable and usable area of the new Premises is at least as large as the existing Premises, but no more than ten percent (10%) larger than the existing Premises, (b) Landlord shall pay the cost of providing tenant improvements in the new Premises, which shall be substantially comparable in layout to those in the existing Premises, and (c) Landlord shall pay reasonable costs (to the extent such costs are submitted in writing to Landlord and approved in writing by Landlord prior to such move) of moving Tenant's trade fixtures and personal property to the new Premises. Landlord shall deliver to Tenant written notice of Landlord's election to relocate the Premises, specifying the new location and the amount of rent payable therefor, at least thirty (30) days prior to the date the relocation is to be effective.

33. Invalidity of Provision

If any term, provision, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease or the application of such term, provision, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each term, provision, covenant or condition of this Lease shall be valid and be enforceable to the fullest extent permitted by law. This Lease shall be construed in accordance with the laws of the State of California.

34. Time of Essence

It is understood and agreed between the parties that time is of the essence of all the terms, provisions, covenants and conditions of this Lease.

35. Entire Agreement

This Lease contains the entire agreement between the parties hereto and all previous negotiations leading thereto, and it may be modified only by an agreement in writing signed by Landlord and Tenant. No surrender of the Premises shall be valid unless accepted by Landlord in writing. Tenant acknowledges and agrees that Tenant has not relied upon any statement, representation, prior written or prior or contemporaneous oral promises, agreements or warranties except such as are expressed herein.

*[signatures on following page]*



IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

LANDLORD:


**330 Townsend Associates II, LLC,  
a California Limited Liability Company**

By: 

Thomas G. Keane  
VP of Leasing Operations

TENANT:

**BlueGreen Alliance, Inc.,  
a District of Columbia Corporation**

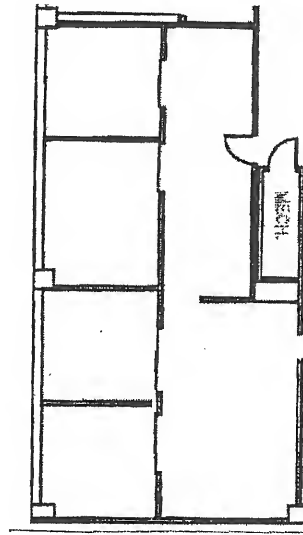
By: 

David A. Foster  
Executive Director

## Exhibit A

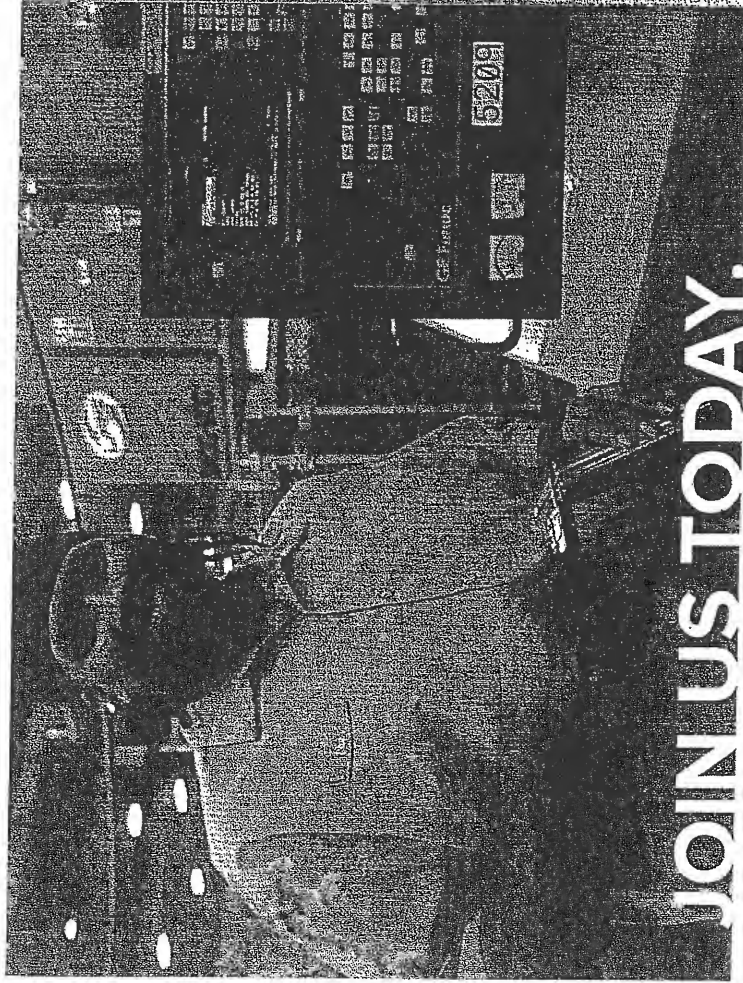
### Premises

330 Townsend Street, Suite 205  
(not to scale)



Tenant accepts the Premises in its current "as is" condition except that Landlord shall:

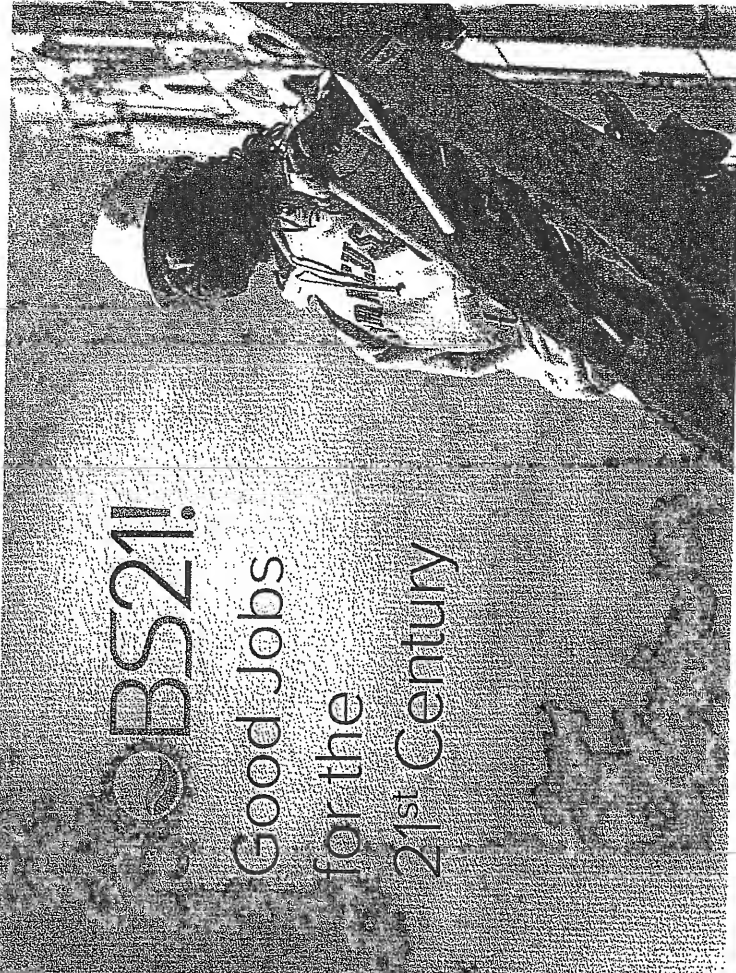
1. Provide and install one (1) dedicated circuit and four-plex outlet.



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# JOBS21!

Good Jobs  
for the  
21<sup>st</sup> Century



Jobs21! is going door to door, community by community, state by state, talking with our friends and neighbors about the importance of a national jobs plan that will secure our energy future, revitalize the American economy and protect the environment for this and the next generation. Together, we are working to secure good jobs in the 21<sup>st</sup> century economy.

Join us today. Visit [www.bluegreenalliance.org/jobs21](http://www.bluegreenalliance.org/jobs21) to sign the **Jobs21!** pledge and show your support for good jobs and a 21<sup>st</sup> century economy.

**JOBS21!** **BLUEGREEN**  
ALLIANCE

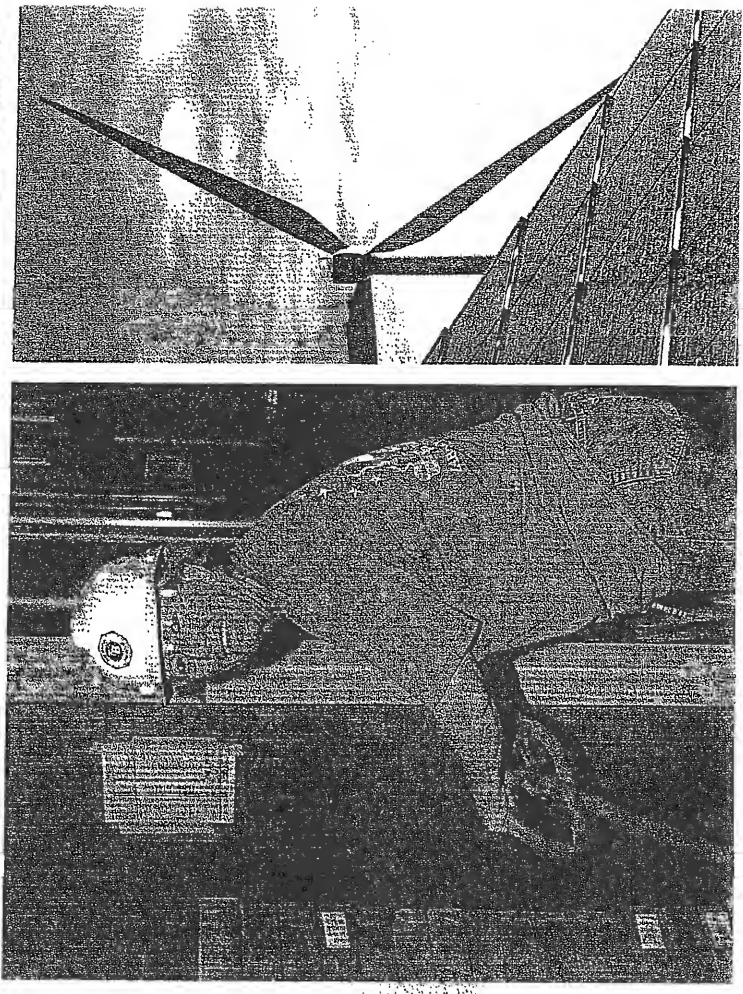
2828 University Ave SE, Suite 200 • Minneapolis, MN 55414  
612-466-4479 • [info@bluegreenalliance.org](mailto:info@bluegreenalliance.org)

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# GOOD JOBS IN THE 21<sup>ST</sup> CENTURY

Right now, three years after the biggest economic downturn in 70 years, **Americans have an opportunity to turn the country in a new direction.** While tens of millions remain out of work, under-employed or worried about keeping their jobs, **we have a chance to solve the employment crisis and ensure the U.S. is a leader in the global economy.**

How do we do that? **By building and strengthening the industries of the 21<sup>st</sup> century. These are the industries that will help us keep the jobs we have now and create new employment opportunities in the United States.** The 21<sup>st</sup> century economy is already a cleaner, more efficient economy. And other countries like China and Germany are building the industries and creating the jobs that will make them global leaders. If we don't act fast, we risk being left behind in the biggest job-creating opportunity we will see during our lifetimes.

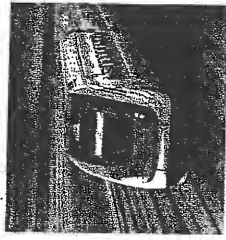
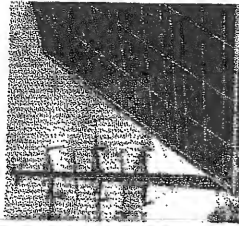
## Jobs21! – A Plan to Secure the Jobs of Today and Create the Jobs of Tomorrow

Jobs21! is a nationwide, grassroots campaign to secure our current jobs and create new employment opportunities by making America more competitive in the 21<sup>st</sup> century. With a plan to create jobs in **renewable energy, energy efficiency, transportation, broadband Internet, a smart electrical grid, recycling and green chemistry** — in traditional sectors like manufacturing, construction and education — we can revitalize the American economy and put millions of people to work.

What else is important in the 21<sup>st</sup> century economy? We want jobs that pay a **living wage**, and that are **safe and healthy** for workers, communities, and the environment. These are the kinds of jobs that will revitalize our middle class, secure our future, and **protect our air, land and water** for the next generation.

## A National, 21<sup>st</sup> Century Jobs Plan

- **Renewable Energy:** expanding markets in renewable energy, like wind, solar, geothermal and biomass.
- **Manufacturing:** pursuing a national manufacturing strategy to produce the components of clean energy and advanced auto manufacturing here in America. This includes developing a domestic supply chain and helping companies retool.
- **Transportation:** rebuilding and expanding the nation's infrastructure to ensure the efficient movement of people and goods, including a more fuel-efficient vehicle fleet that will create jobs and save commuters money.
- **Energy Efficiency:** updating and maintaining America's schools, hospitals, retail stores, industrial buildings, high-rise offices, apartment buildings in our cities and homes across the country to make them energy efficient — creating good construction jobs and healthy environments for the workers.
- **Broadband:** building a nationwide broadband network and ensuring access to high-speed Internet.
- **Energy and Water Infrastructure:** Expanding smart grid, improving electrical transmission, and modernizing our water, waste treatment, recycling, and natural gas infrastructure.



**Jobs21!** is coordinated by the BlueGreen Alliance, a national partnership of labor unions and environmental organizations working to create good jobs, a clean environment and a 21<sup>st</sup> century economy in America. Uniting 10 major labor unions and four national environmental organizations, the BlueGreen Alliance brings together more than 14 million members and supporters.

# JOBS21! good jobs for the 21<sup>st</sup> century

We need a national strategy to maintain and create millions of real American jobs. Jobs21 is that plan. It will secure existing employment and build the industries of the future here in the U.S. — clean and efficient energy, modern transportation infrastructure and fuel-efficient vehicles, broadband Internet, a smart electrical grid, safe chemicals, and recycling. These homegrown industries will boost employment in construction, manufacturing, education, healthcare, and other sectors. They will revitalize our economy, reduce pollution, and make the U.S. a leader in the 21<sup>st</sup> century economy.

## Join us today

Join the growing number of people who support a bold, national strategy to build a cleaner, more efficient, job-creating 21<sup>st</sup> century economy.

[www.bluegreenalliance.org/jobs21](http://www.bluegreenalliance.org/jobs21)





# Join the Jobs21! campaign today.

Please fill in your information below

NAME (first/last): \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CITY/STATE/ZIP: \_\_\_\_\_

PHONE: \_\_\_\_\_

CELL PHONE: \_\_\_\_\_

EMAIL\*: \_\_\_\_\_

\* If you provide your email address, the BlueGreen Alliance will add you to its email listserv

UNION/ORGANIZATION (include local #): \_\_\_\_\_

Jobs21! is a nationwide initiative coordinated by the BlueGreen Alliance to build the industries of the 21<sup>st</sup> century in America — creating good, middle-class jobs, securing our energy future, protecting our environment, and making the U.S. a global leader in the 21<sup>st</sup> century economy.

[www.bluegreenalliance.org/jobs21](http://www.bluegreenalliance.org/jobs21)

RETURN TO:  
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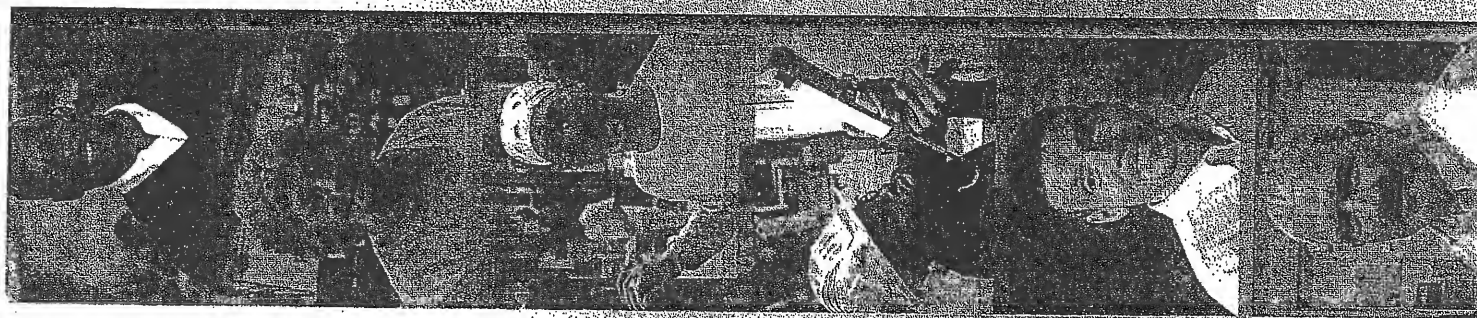


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# BLUEGREEN ALLIANCE

GOOD JOBS.  
CLEAN ENVIRONMENT.  
GREEN ECONOMY.



# BLUEGREEN ALLIANCE



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WORKERS AND ENVIRONMENTALISTS ARE JOINING TOGETHER TO BUILD A NEW GREEN ECONOMY THAT CREATES MILLIONS OF GOOD, GREEN JOBS, WHILE REDUCING POLLUTION AND MAKING AMERICA MORE ENERGY INDEPENDENT.

## OUR MISSION

The BlueGreen Alliance is a strategic partnership between labor unions and environmental organizations dedicated to expanding the number and quality of jobs in the green economy.

Launched in June 2006 as an initiative of the United Steelworkers and the Sierra Club, the BlueGreen Alliance now includes the Communications Workers of America, Natural Resources Defense Council, Service Employees International Union, Laborers' International Union of North America, Utility Workers Union of America, American Federation of Teachers, Amalgamated Transit Union and the Sheet Metal Workers' International Association. Two of the nation's largest environmental organizations and eight of North America's major unions — with a combined eight and a half million members and supporters — have forged this partnership to revitalize the nation's economy through clean energy investments and solve the global climate crisis.

The BlueGreen Alliance is working to achieve legislative goals through grassroots campaigns designed to:

- **Create new jobs in the clean energy economy.** We are committed to policies that provide new jobs for workers and address the needs of the environment. Through clean energy investments and policies, the U.S. has an opportunity to lead globally in clean energy innovation which is good for workers, good for the environment, and good for our energy security.
- **Pass comprehensive clean energy and climate change legislation.** To achieve the maximum benefit for the environment and working people, climate change legislation must include:
  - a cap on carbon emissions, with significant emissions reductions by 2020, and an 80 percent reduction by 2050;
  - a Renewable Electricity Standard (RES) and Energy Efficiency Resource Standard (EERS) to spur the development of a clean energy assembly line and the retrofit of America's homes and businesses;
  - safeguards for energy-intensive, trade-exposed industries so that they can compete in the global economy; and
  - measures that ensure the creation of quality jobs and economic opportunity for workers and communities.





■ **Workers' rights.** The BlueGreen Alliance supports passage of critical legislation that will level the playing field and put the choice to form a union back in the hands of American workers.

■ **Global trade agreements.** Effective global trade agreements must include enforceable labor, environmental and human rights standards and be designed to create jobs in the United States that stay in the United States.

■ **Green Chemistry.** We support reform of the Toxic Substances Control Act, passage of chemical security legislation and the strengthening of occupational safety and health laws. Passage of comprehensive toxics and worker safety legislation will:

- protect workers and communities from dangerous chemicals; and
- promote public and private investment in green chemistry so that chemicals are designed, made, sold and used in a manner that is safe for workers, consumers and the environment.

■ **Investing in Transportation.** Investing in America's roads, bridges, tunnels, rail, transit, intercity bus, freight systems, and safe biking and walking options can create millions of jobs in infrastructure, manufacturing, and operations. We believe that we need to create cleaner, safer, more efficient transportation options which take into account critical goals, such as reducing our dependence on foreign oil, decreasing air pollution, keeping America competitive, and creating new jobs and opportunity for workers across America.

SEPTEMBER 2011

# Policy on Green Schools and Environmental Education

Students sitting in classrooms today are the future of the American economy. They will be the ones building, designing, teaching, selling, implementing, and maintaining all the facets of industries that will drive the global economy. The reauthorization of the Elementary and Secondary Education Act (ESEA) provides federal policymakers with an opportunity and responsibility to provide them with the necessary foundation to shape and participate in that future economy.

To do so successfully, they will need to attain a level of environmental literacy and occupational skills to navigate a carbon-constrained world in which clean energy will be the most important economic development race of states and nations. They will require learning environments that are safe and healthy and that model the green future that we must rely on them to build.

Our country's future competitiveness relies on the success of its students. If they fail, we all do. We can help our children achieve the foundation they need by making some common-sense reforms to Elementary and Secondary Education Act as Congress reauthorizes the Act.

We recommend that these include:

## Mutual Responsibility for Ensuring Our Students' Success

Accountability is a word often used today, but responsibility for what happens in our public schools must extend to parents, principals, administrators and communities—in addition, of course, to teachers and students. All of us have a role to play in ensuring that students and staff work and learn in a healthy environment; that staff are qualified and are provided a rich curriculum, adequate resources and time to teach; and that measuring the effectiveness of the delivery of education take into account all the factors that affect student achievement.

## Green and Healthy Schools

Green schools are productive learning environments that are healthy for students, school staff, and the planet. On average, green schools save \$100,000 per year — enough to hire two new teachers, buy 200 new computers or purchase 5,000 new textbooks.

### *Improving Existing Programs*

Reauthorization serves as an opportunity to improve several existing educational facility programs in the ESEA, which can fund greatly needed construction and modernization of school buildings. As Congress works to reauthorize and reform ESEA, we recommend reforms to several specific programs to promote cost-effective, high performing, healthy green schools for America's children, including:

### *Fund for the Improvement of Education (Title V, Part D, Subpart 18)*

The Fund provides grants to state and local educational agencies for the construction and renovation of healthy, high-performance schools that have enhanced energy efficiency and indoor air quality. With 21 sub-programs under the Fund and no formula for allocation, we recommend removing the Healthy, High-Performance Schools program from the Fund and authorizing separate appropriations for Healthy, High Performance Schools. Provisions of the program should be strengthened to ensure holistic building and operations of school facilities.

***Impact Aid (Title XIII, Section 8007 – Construction)***

This section provides grants for modernization and construction of school facilities designated to receive Impact Aid funding. Sixty percent of the funds are distributed as formula and 40 percent as competitive grants. We recommend that fund allocation should be amended so that at least 50 percent of the funds are administered via competitive grants. Projects that enhance energy efficiency, indoor air quality, sustainable building materials, and water conservation along with expedition of project completion and cost-efficiency maximization should be prioritized.

***Bureau of Indian Affairs Funded School Construction and Renovation (Title X, Part E — Bureau of Indian Affairs Programs, Sec 1125)***

This section provides financial support for school building construction or renovation on or near American Indian reservations and Indian land trusts. We recommend that standards relating to facilities construction under Bureau of Indian Affairs Programs should be reviewed and strengthened in accordance with green criteria.

***Green Ribbon Schools******Implementation and Encouragement of the Green Ribbon Schools Program***

The Green Ribbon Schools program is a proposed initiative of the Department of Education to set a high benchmark for greening our schools. This program would annually recognize and honor those public and private elementary, middle and high schools that demonstrate high achievement in both student learning and eliminating or reducing their environmental footprint and improving learning conditions including using the built or natural environment as a learning laboratory, as outdoor educational experiences have been shown to improve academic interest. In short, a green school should aim to create a healthy, environmentally and socially responsible living and learning environment for all students and staff.

**Environmental Literacy and Education**

An accountability system narrowly focused on test scores has resulted in many school districts narrowing their curriculum thereby sacrificing art, music, and environmental education classes and outdoor learning experiences for their students. This needs to change so that children are exposed to a broader and rich curriculum that includes the subjects listed above.

***Incorporating Environmental Education in the Broader Framework***

We must start with providing children an adequate basis in environmental education. President Obama's Blueprint for Reforming ESEA highlighted what it will take to make children "college and career ready" and what rounds out a "complete education." We strongly

urge that environmental education be a significant part of both of these platforms.

Environmental education should also be explicitly incorporated into the STEM (science, technology, engineering and math) platform of ESEA as an eligible activity, and field experiences in particular should be encouraged and included when lab experience is mentioned. Research indicates that outdoor, experiential learning increases interest in STEM fields.

In particular, ESEA reauthorization should include reforms that are proposed in the No Child Left Inside Act (S. 866 and H.R. 2054). The Act:

- Provides funding incentives to states, as a prerequisite to receiving implementation grants, to develop environmental literacy plans, approved by the Secretary of Education, for pre-kindergarten through grade 12 that include environmental education standards and teacher training.
- Directs the Secretary to award Environmental Education Professional Development Grants to states and, through them, competitive subgrants to partnerships for activities involving, among other things, teacher training and the development of more rigorous environmental education curricula that advance the teaching of interdisciplinary courses.
- Authorizes the Secretary to award competitive matching grants to partnerships for activities to improve and support environmental education that include: (1) advancing content and achievement standards; (2) developing or disseminating innovations or model programs, including using the environment as an integrating theme across content areas and providing interdisciplinary instruction along with field experience that allow students to directly experience nature; and (3) research.

In addition to the reforms outlined as part of the No Child Left Inside Act, environmental education should be included as an eligible activity for 21<sup>st</sup> Century Community Learning Centers.

***Outdoor Learning Experiences***

We should strive to encourage a greater engagement between children and the natural environment. Direct experiences with the natural world during the school years have been shown to lead to positive attitudes towards the environment in adulthood. Outdoor experiences during the school day will help develop interest among children in participating or leading in a greener economic future. A study by the California Department of Education found that participation in outdoor experiential learning led to significant improvements in science test scores and classroom behavior. Other studies have shown that this type of education increases test scores in all subjects and improves student behavior, creativity and critical thinking.

Finally, climate change presents the most expansive environmental, economic, and geopolitical problem in human history. It is a problem we must address now, and our children and grandchildren must learn to deal with. This is why we must ensure that students of today are properly educated about the inevitable effects of a certain level of climate change, how to adapt, and how to mitigate worse effects.

### *Occupational Health and Safety*

The beauty of green schools and environmental education is that it teaches that moral stewardship of the Earth is paramount to the survival of the planet for people. However, an emphasis on energy and resource efficiency, reduction of carbon emissions and a lessened environmental impact is incomplete without an explicit accounting of the safety and health of workers. Environmental literacy and education must include the concept of sustainability framed in terms of environmental, economic and occupational health goals grounded in principles of social justice.

### *Study of National Significance*

A national study of the effectiveness of environmental literacy, both as a separate subject and as an integrating theme, in preparing students to become environmentally literate as well as to improve achievement in core academic subjects needs to be added.

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## **BLUEGREEN** ALLIANCE

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# JOBS21!

good jobs  
for the  
21<sup>st</sup> century

## A BlueGreen Alliance Blueprint to Solve the Jobs Crisis

Americans don't need to be told that we are experiencing an employment crisis unlike any in the last 70 years. We know it — the country lost 7 million jobs during the great financial crash of 2008. That's like losing every single job in Ohio *and* Wisconsin.

And we know this national crisis won't go away on its own. That's why today we need a bold, nationwide effort — a mission on the scale of the Apollo space program — to invest in key industries if we want to see the return of widespread prosperity across the country.

**Jobs21!** is a nationwide jobs plan — a set of policies and investments that can create jobs, cut energy and transportation costs, create stability for business and make the country more competitive and more secure by reducing our dependence on foreign oil. These aren't untested ideas. Each element of **Jobs21!** has already proven its effectiveness in three critical ways: 1) by creating jobs; 2) by leveraging private investment into growing our economy; and 3) by attracting bipartisan support at the national or state level.

Why are these policies and investments so critical? Because across the globe, the breakthrough industries of the 21<sup>st</sup> century will use new technologies to produce wind and solar power and safer chemicals. They will employ new strategies to strengthen existing infrastructure, move power and information, produce a more sustainable food supply, and make our buildings — schools, hospitals, homes, offices, factories — healthier and more energy efficient. These industries will play the role that railways, electricity, and motor vehicles played in earlier periods of economic history. They will also drive a resurgence in manufacturing and construction.

The choice for America is clear and urgent. We can stay on our current path, spending \$1 billion a day on foreign oil while falling behind in the global race for jobs. Or we can move in a dynamic, new direction built around technologies and policies of the future that create real American jobs while driving demand for the products we make and the services we provide.

**Jobs21!** will help America recapture the millions of jobs we lost. Smart policies and targeted investments in clean energy, green technology and our nation's infrastructure are already saving and creating jobs — and can create millions more. *In fact, investments in our transportation infrastructure alone can create and support more than 7 million jobs while saving billions of dollars on fuel costs due to transportation efficiencies.*<sup>1</sup>

These and other investments can help us win the global competition for clean energy and green technologies — the most important economic development race of the 21<sup>st</sup> century.

This blueprint compiles information from a variety of sources about jobs created, secured and saved. And it includes jobs that experts project we will produce in the future if we invest wisely in clean energy, efficiency, green technology and manufacturing and in our roads, railways, power grid, communications systems and other parts of our national infrastructure.

Here's how we can do it:

# I. GROW CLEAN ENERGY

Innovation creates new markets and new markets create jobs. Although the global market for clean energy — wind, solar, biomass and other renewable sources of power — is estimated at \$1.7 trillion to \$2.3 trillion over the next decade, the U.S. is quickly falling behind, with China now the global leader in wind and solar.<sup>2</sup>

U.S. policies and investments should promote both economic growth and renewable energy generation. And expanding the production of renewable energy technologies must be coupled with the further development and support for homegrown companies making the parts for these new power sources.

Country	Clean Energy Investment 2009 (USD billions)	Five-Year Growth Rate in Clean Energy Investment (%)
China	34.6	148
United States	18.6	103
United Kingdom	11.2	127
Spain	10.4	80
Brazil	7.4	148
Germany	4.3	75

Source: Pew Charitable Trusts, "Who's Winning the Clean Energy Race."

## GIVE INDUSTRY THE FINANCIAL HELP IT NEEDS

Tax incentives and loan guarantees can provide the clean energy sector with the tools it needs to produce energy, to make the parts for wind turbines, solar panels and other equipment, and to connect to new supply chains and markets while spurring private investment and job creation. This support is critical, since financing poses a major obstacle to rebuilding our manufacturing base.

- Establish a Consistent Funding Source for renewable energy technologies by creating a green bank. With proper safeguards to protect taxpayers, a green bank would provide seed money that would, in turn, encourage private investment to support loans for an array of advanced clean energy technologies.

➤ **FAST FACT:** The seed investment provided through a green bank can be matched at a 10-1 ratio by private loans, guarantees, and credit enhancements (such as insurance for investors) to support billions of dollars in private sector investment in clean energy and energy-efficient technologies.<sup>3</sup>

- Extend Tax Incentives like long-term production and investment tax credits for renewable energy. Such incentives will create stable markets, encourage private investment and help existing industries that are positioned to create jobs.

➤ **FAST FACT:** Some energy-related tax incentives, including some supportive of the oil and gas industries, are permanent fixtures in our tax code. But the incentive programs for renewable energy have been allowed to expire multiple times over the last 15 years, resulting in constant fights for reinstatement and causing severe market instability.<sup>4</sup>

➤ **FAST FACT:** *The Treasury Grant Program*, a temporary and effective provision of the tax code passed as part of the American Recovery and Reinvestment Act (ARRA), Section 1603, with Davis Bacon wage protections is essential for wind and solar development, with new goals and reporting required for the creation and retention of domestic jobs.<sup>5</sup> The program is set to expire at the end of 2011.

Job Creation for Wind: 55,000 jobs.<sup>6</sup>

Job Creation for Solar: 45,000 jobs.<sup>7</sup>

Job Creation for Geothermal: 11,200 jobs.

- Establish a National Renewable Electricity Standard (RES) that includes a target of producing 25 percent of the country's electricity from renewable energy sources by 2025.  
Job Creation: 850,000 jobs in existing manufacturing firms over 15 years.<sup>8</sup>

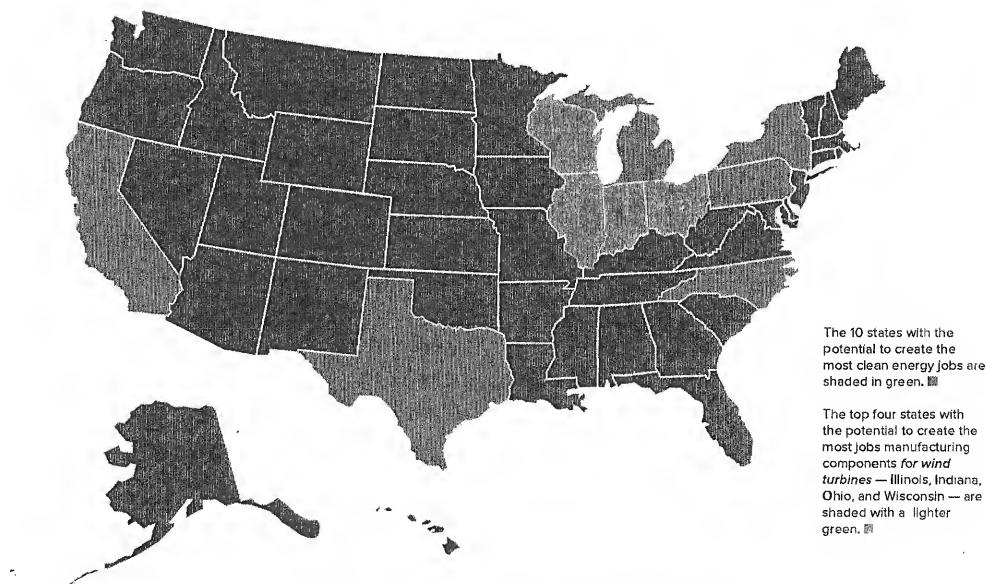
➤ **FAST FACT:** *Jobs21!* focuses on eight of the 10 states with the greatest potential to create clean energy manufacturing jobs: California, Illinois, Indiana, Michigan, New York, Ohio, Pennsylvania, and Wisconsin.

## MAKE BUILDINGS MORE ENERGY EFFICIENT

Our residential, commercial, industrial, and public buildings account for more than 70 percent of the energy we consume. As a result, embracing energy efficiency will lower electricity bills and protect our environment — but we also must do this for the sake of U.S. competitiveness. These investments will also create jobs while paying for themselves. For every dollar we spend making our buildings more energy efficient, we get two dollars in savings. Think about all of our schools, grocery stores, hospitals, high-rise offices and apartments. Building efficiency is the easiest way to achieve significant energy savings. Also, important in the greening of buildings is their operation and maintenance, which can reduce building energy use by 10 percent with modest up-front costs, making it the cheapest, fastest way to reduce energy bills and greenhouse gas emissions.



## States with potential to create the most energy jobs



Source: Research conducted by the Renewable Energy Policy Project, 2009.

■ Establish a National Energy Efficiency Resource Standard (EERS) to encourage more efficient generation, transmission, and use of electricity and natural gas. Such a standard requires utilities to reduce energy use by a specified and increasing amount each year. The 19 states that already have an EERS have demonstrated effective results. However, the full potential of energy efficiency cannot be realized unless there is one federal standard in place. A national policy that increases the energy efficiency of America's homes, offices and factories is critical to achieving short and long-term progress toward a clean energy economy.

Job Creation: 220,000 jobs over 10 years.<sup>9</sup>

➤ **FAST FACT:** An EERS will save consumers and businesses nearly \$170 billion per year on utility bills.<sup>10</sup>

■ Support Residential Efficiency incentive programs like the Weatherization Assistance Program (WAP) and Home Star, a rebate program that encourages homeowners to upgrade their homes by investing in energy-efficient appliances, building mechanical systems, windows and insulation. Americans should also support programs like Rural Star, which is a program that provides loans to families

and farmers to improve their energy efficiency and lower their utility bills, creating manufacturing and installation jobs in the process.

Job Creation: Under Home Star alone, 168,000 jobs based on a proposed \$6 billion, two-year rebate program.<sup>11</sup>

➤ **FAST FACT:** Homeowners who take advantage of Home Star could reduce their home energy costs anywhere from 20 to 40 percent.<sup>12</sup>

■ Support Building Efficiency through a broad and diverse program like the *Better Buildings Initiative* that encourages building owners, schools, apartment buildings and hospitals to invest in energy-efficient equipment and services that will cut energy use and costs while creating jobs. Job Creation: Save and create more than 300,000 jobs based on \$1 billion of federal investment generating \$16.4 billion in private investment.<sup>13</sup>

■ Propel Industrial Energy Efficiency programs in our nation's manufacturing sector, a sector accounting for more than a quarter of all energy use in the U.S. We need a package of programs, investments and incentives that help industry pinpoint areas of high energy use and ways to

improve efficiency. In industrial settings, even small improvements in efficiency can yield large energy savings using technologies such as combined heat and power (CHP) — which generates power onsite and recovers and reuses waste heat — and other industrial improvements. Job Creation: 1 million jobs by 2030, based on a \$234 billion investment.<sup>14</sup>

■ Support the Greening of America's Schools, which will provide students with the necessary foundation to shape and participate in that future economy and fund greatly needed construction and modernization of school buildings. Students require learning environments that are safe, healthy, and chemical free, creating jobs for construction and manufacturing workers, better learning and teaching environments for our students, and our nation's educators.

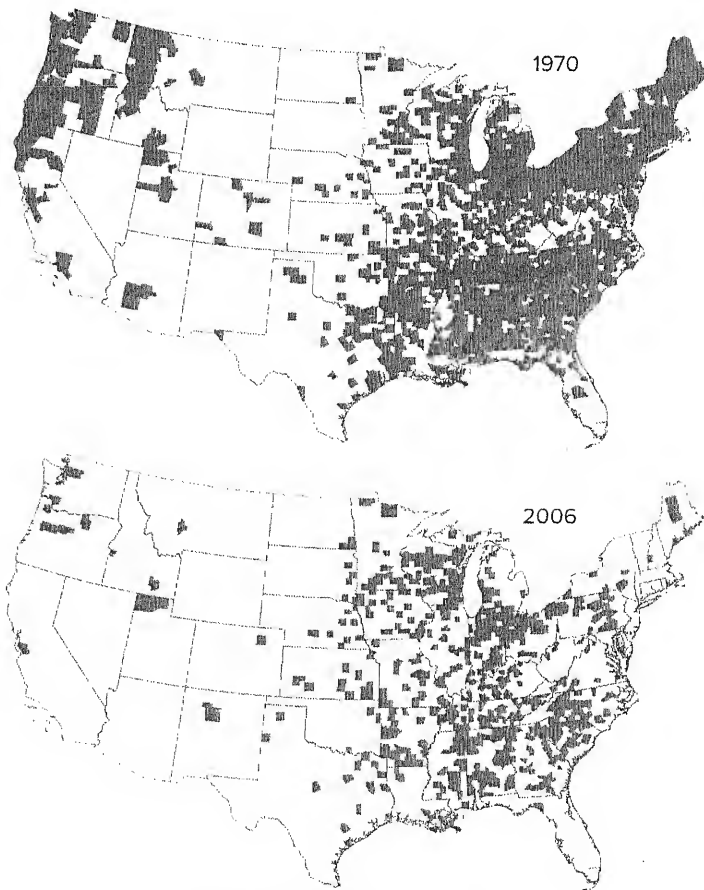
➤ **FAST FACT:** Green schools use less water and energy and can save an average of \$100,000 a year on operational expenses. That is enough savings to hire at least one teacher, purchase 200 computers or buy 5,000 textbooks.<sup>15</sup>

## II. REVITALIZE AMERICAN MANUFACTURING

Our industrial heartland is fading in the face of global competition. During the recession, the manufacturing sector lost 2 million jobs, or 15 percent of the workforce.<sup>16</sup> Today, we must rebuild manufacturing across the United States by leading the world in the production of new, green technologies and components. The good news is that clean energy and green technologies use more manufacturing than many other sectors of the economy. Today, roughly 26 percent of all “clean economy” jobs are in manufacturing establishments, compared to 9 percent in the economy overall.<sup>17</sup>

- **Support a Comprehensive Manufacturing Plan** that defines a long-term vision for the growth of our industrial base, and its positioning in the global clean energy and green technology economy. Such a plan must also coordinate strategy among our large manufacturing states.
- **Enact and Fund Green Manufacturing Loan Programs.** Loan programs that establish revolving loan funds can provide a stable financing mechanism for manufacturers that want to retool.  
**Job Creation:** A revolving loan fund could create 680,000 manufacturing jobs and 1,972,000 additional jobs over five years as a result of spending in local economies.<sup>18</sup>
- **Encourage Public Private Partnerships for Innovation.** The U.S. has a long tradition of public support for technological innovation — in its colleges and universities and through public-private partnerships. Programs like the Manufacturing Extension Partnership play a crucial role in helping businesses develop and bring to market new technologies.
- **Extension and expansion of the Advanced Energy Manufacturing Tax Credit 48c** will help secure American leadership in clean energy manufacturing and leverage significant private sector investment. The tax credit, which should be extended and allow for grants in lieu of tax credits, provides a 30 percent credit for investments in new, expanded, or re-equipped advanced energy manufacturing projects.<sup>19</sup>  
**Job Creation:** 58,000 jobs based on \$2.3 billion federal investment.<sup>20</sup>

Counties with at least 50 Percent of Employment in the Manufacturing Sector in 1970 and 2006



Source: Bureau of Economic Analysis; America2050.

**Jobs21!** is a plan committed to combatting climate change. Every day and throughout every season, human society and our environment are affected by climate variability and change. **Jobs21!** will help America achieve greenhouse gas reductions and sustainable adaptation strategies that are critical to preventing the worst impacts of climate change, to securing the jobs and welfare of workers and to ensuring the long-term future of our planet.





### III. MOVE POWER AND CONNECT THE COUNTRY

Enhancing our electric power transmission system and expanding high-speed information technologies have the potential to revolutionize energy management, communications and economic development across the U.S.

- Support Expansion of a Modern Interstate Power Grid, including "Smart Grid" computer-based technologies and devices, to more efficiently deliver clean energy throughout the country. "Smart grid" technologies improve the management and distribution of energy in a strategic, efficient and reliable manner and reduce energy use at homes or offices.  
Job Creation: 239,000 jobs can be created or retained with every \$10 billion investment.<sup>21</sup>

- Expand Broadband communication services that guarantee adequate and affordable high-speed internet connections for everyone, regardless of income level or location, and for every community's anchor institutions, such as schools and universities. This will jumpstart business development in tele-medicine, long-distance business communication and e-commerce, and it will also reduce travel and associated fuel costs, with a special benefit to rural areas.  
Job Creation: 489,000 jobs can be created or retained with every \$10 billion investment.<sup>22</sup>

➤ **FAST FACT:** Increased adoption of broadband technology and tele-health practices can decrease travel by allowing doctors to monitor and consult with patients remotely. Tele-health can help avoid 850,000 transports between emergency departments, resulting in transit cost savings of \$537 million a year.<sup>23</sup>

#### ➤ What is the Smart Grid?

The smart grid is a distribution system that allows the flow of information to the consumer and to the utility company through thermostats, web-based programs, appliances and other devices. It is designed to improve the reliability, security and efficiency of the electric system. The smart grid provides real-time monitoring and data retrieval that allows the utility to better regulate and respond to issues on electricity distribution — making it easier to move to renewable energy sources like wind and solar — as well as provide detailed real-time information to consumers on their energy consumption.

#### ➤ What is Broadband?

The term broadband commonly refers to high-speed internet access that is always on and faster at moving data than the traditional dial-up access. A more efficient broadband network will provide access via computer to a wide range of resources, services, and products — including healthcare and educational services — without the need to travel. This will reduce air and ground transportation, decreasing gas consumption and greenhouse gas emissions.

### IV. REBUILD ROADS AND RAILWAYS AND DRIVE 21<sup>ST</sup> CENTURY VEHICLES

America needs a 21<sup>st</sup> century transportation system that expands and modernizes our highways, railways and mass transit systems — with the resources to maintain and operate them. At the same time, we need American-made, cleaner vehicles that will create manufacturing jobs across the nation. These investments to rebuild our infrastructure and to expand production of clean fuels, coupled with homegrown production of advanced vehicles and their component parts, will position the U.S. as a global economic leader for decades to come.

#### INVEST IN TRANSPORTATION INFRASTRUCTURE

- Invest in America's highways, rail, transit systems and in biking and walking infrastructure to make America more energy independent and globally competitive.<sup>24</sup>  
Job Creation: 13,700 jobs created or sustained per \$1 billion invested — a total of 7.7 million jobs in a six-year, \$550 billion reauthorization bill.<sup>25</sup>

➤ **FAST FACT:** There are two million jobless men and women who are ready,

willing and trained to build America's infrastructure. Total public spending on infrastructure has fallen steadily since the 1960s and now stands at 2.4 percent of our Gross Domestic Product (GDP). Europe, by contrast, invests 5 percent of its GDP on infrastructure, while China is racing into the future — and leaving other countries behind — at nine percent.<sup>26</sup>

- Invest in Our Railways, including high-speed passenger rail, to move passengers and deliver freight more efficiently while creating good jobs and reducing oil dependence and pollution.

Job Creation: 20,000 jobs created or sustained per \$1 billion invested.<sup>27</sup>

➤ **FAST FACT:** Demand for freight transportation is projected to rise more than 60 percent over the next 30 years — from 16.9 billion tons in 2007 to 27.1 billion tons in 2040. An estimated \$70 billion in improvements will be required to handle projected rail freight demand, suggesting potential to create or sustain 1.4 million jobs throughout the economy over the next 30 years.<sup>28</sup>

- **Support the Clean Transportation Manufacturing Action Plan (TMAP),** a national strategy to combine federal and private investments to build a modern, efficient transportation system and to create quality, high-paying manufacturing jobs. The U.S. needs to support the domestic manufacture of advanced rail vehicles, efficient buses, clean trucks and their component parts.

Job Creation: Investing \$30 billion into public transit and \$10 billion into inter-city/high-speed rail annually for six years would support 15,524 direct and indirect jobs for each billion dollars invested — 3.7 million jobs in transit and rail over that time period. Of those jobs, 605,352 would be in manufacturing.<sup>29</sup>

- **Fund Public Transportation and** provide regional, state and local transit systems with flexibility to use their federal funds for operating costs to maintain critical service that keeps people connected to their communities. Federal transit operating assistance puts transit employees and transit-dependent individuals to work quickly. Transportation investments should support day-to-day transit operations to preserve and create quality jobs, ensure millions of working Americans are able to get to work affordably and reliably, and while reducing automobile pollution.

## DRIVE 21<sup>ST</sup> CENTURY VEHICLES

- **Build Cleaner Cars and Vehicles** to keep American auto manufacturers competitive and employ hundreds of thousands throughout the supply chain; and include light, medium and heavy-duty vehicle standards that improve fuel efficiency, cut America's oil dependence and reduce greenhouse gas pollution. By developing and producing advanced fuel-saving technologies in the U.S., including batteries for electric vehicles, automakers and their suppliers can create quality jobs,

which provide the efficient cars and light trucks demanded in the marketplace. Energy-efficient vehicles drive demand for new technology, including hybrid drive trains and advanced diesel engines.

As Americans use more hybrid and electric vehicles, we also need to invest in the electrification infrastructure that will support these advanced vehicles. These infrastructure investments will serve to make our existing road networks more efficient by tying into the smart grid and new broadband networks to provide charging systems for electric vehicles.

Job Creation: 150,000 new U.S. jobs by 2020, based on demand for new vehicles and parts resulting solely from the increased national fuel-efficiency standard.<sup>30</sup>

➤ **FAST FACT:** Section 136 is a direct loan program to support engineering and retooling costs associated with the domestic production of advanced technology vehicles and their key components. The program has been a huge success, with the \$8.3 billion in loans creating more than 38,000 U.S. auto sector jobs.<sup>31</sup>

# V. IMPROVE JOB QUALITY, THE HEALTH OF OUR COMMUNITIES — AND THE ENVIRONMENT WE SHARE

Twenty-first century job creation and security must go hand in hand with 21<sup>st</sup> century safeguards to protect the health and safety of employees and communities and create high-road, good-paying jobs that respect employees' rights. We need to increase the number and improve the quality of our homegrown jobs. And we need to ensure that manufacturing jobs grow here in America.

## SUPPORT WORKING FAMILIES

There are efforts taking place in states across the country that would undermine collective bargaining rights. Such efforts would not create a single job. Indeed, they actually hurt working families, small businesses and communities. *America needs a hiring plan not a firing plan.*

➤ **FAST FACT:** Countries with a strong middle class all have strong union movements. In America today, states with higher concentrations of union members have a much stronger middle class. The 10 states with the lowest percentage of workers in unions all have a relatively weak middle class.<sup>32</sup>

## SUPPORT CLEAN AIR

Our country's Clean Air Act has been a tremendous success, delivering cleaner air, improved public health and employment opportunities. Over the last four decades, our country's environmental safeguards have resulted in waste reduction, energy efficiency, and greater economic competitiveness — creating thousands of new jobs and making existing jobs more secure. Today, we must defend the Environmental Protection Agency's (EPA) existing authority to protect

the health of all Americans by regulating greenhouse gases. Failure to regulate greenhouse gases will damage U.S. competitiveness in the race to lead the clean energy economy.

➤ **FAST FACT:** In the 40 years since passage of the Clean Air Act, our nation's GDP grew by 204 percent and private sector jobs grew by 86 percent.<sup>33</sup>

## KEEP OUR WATER SAFE

The Clean Water State Revolving Fund and the Safe Drinking Water Act provide loans for the construction of wastewater facilities, pollution control and estuary protection projects. The nation must make significant investments to install, upgrade, or replace our water systems and infrastructure to continue to improve the quality of drinking water and better protect public health.

Job Creation: 27,000 jobs for every \$1 billion invested.<sup>34</sup>

➤ **FAST FACT:** The EPA, the U.S. Government Accountability Office and the Water Infrastructure Network estimate that the nation faces a \$500 billion funding shortfall for water infrastructure over the next two decades. Continued funding will ensure that we can supply safe drinking water to millions of Americans and create good infrastructure jobs along the way.<sup>35</sup>

## RECYCLE

The United States should establish a national recycling rate of 75 percent by 2030.<sup>36</sup> There are costs — financial, human and environmental — for everything we buy, use and throw away. The promotion of waste reduction and investments designed to expand America's recycling infrastructure will create significant job opportunities for working men and women while saving billions in wasted resources. Job Creation: With a 75 percent national recycling rate, more than 2.3 million jobs would be created.<sup>37</sup>

➤ **FAST FACT:** The U.S. generates some 2.5 million tons of electronic waste per year containing potentially dangerous chemicals and pollutants. However, this waste also contains precious metals, rare earth minerals, and glass that can be recovered and recycled here in the U.S. instead of in other countries. Such a strategy would reduce the economic costs and environmental impacts of securing and processing materials for new products — and it would stop the devastating impacts on human health and the environment associated with e-waste recycling in developing countries.

## REBUILD OUR CHEMICALS INDUSTRY

Rebuild our chemicals industry by reforming our outdated laws governing toxic substances. Most chemicals now in use were grandfathered in under the Toxic Substances Control Act (TSCA), a 1976 law. In the 35 years since TSCA was implemented, new science has shown how chemicals can impact human health and lead to increased rates of asthma, cancer, infertility, birth defects and other chronic diseases. But strengthening the rules governing toxics can encourage innovation and investment in new markets of sustainable chemistry, unleashing the health, environmental and economic benefits of cleaner, safer production of chemicals.

Job Creation: 100,000 new jobs in the bioplastics sector alone over the next 20 years.<sup>38</sup>

Job Security: A move to sustainable production will make the U.S. chemical industry more competitive by:

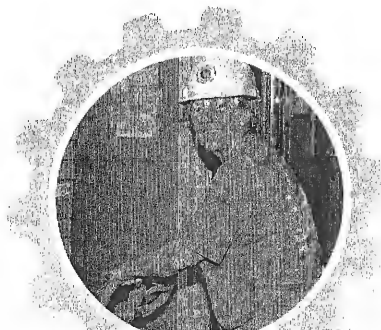
- lowering handling and disposal costs for the chemical industry and downstream users;
- ensuring access to important global markets;
- reducing waste;
- meeting consumer demand for safer products;
- protecting shareholder value; and
- encouraging research and the development of innovative products.<sup>39</sup>

## PROTECT COMMUNITIES BY SAFEGUARDING EMPLOYEES

Safety and health protections for Americans have not been significantly changed since the 1970s. By strengthening the enforcement of workplace safety and health laws, including increased penalties and whistleblower protections, we will improve the quality of American jobs and protect our communities. Why? Because many environmental hazards begin as unresolved workplace safety and health problems.

## PROVIDE TRAINING OPPORTUNITIES FOR AMERICA'S WORKERS

We can strengthen our workforce by providing workers with opportunities to acquire the skills and qualifications to retrofit and maintain buildings, install solar panels, maintain wind farms, manufacture component parts, and build new facilities and infrastructure. This means expanding federal, state, and local support for green industry career programs in high schools and community colleges, and continuing programs like the Green Jobs Act, which has helped identify the most needed skills and supports training for workers in those jobs. This also means supporting and encouraging labor apprenticeship programs, which ensure that the work performed is of quality and high standard.



## MAKE IT IN AMERICA

The jobs and industries of tomorrow must be created in America. We have seen too many U.S. manufacturing jobs move offshore. This includes jobs making solar panels, wind turbines, energy-efficient appliances and light bulbs — and the list goes on. We need to ensure that investments are made in the U.S. and that jobs stay here. Whenever possible it is important that standards be attached to funding so that support for manufacturers is conditioned on their ability to meet labor standards and “domestic content” requirements. We must also ensure that the rules of global trade are fair and enforced.

## PROVIDE HEALTHY FOOD AND LOCAL JOBS

The quality of the food we eat is linked to the safety and health of the people who grow, process and distribute food. When food industry workers have rights at work, they have the power to protect the safety of the food they're producing. When there are stronger ties between communities and their local food systems, there can be more support for food workers, significant reductions in long-distance transport and the creation of more local jobs — from our inner cities to our rural communities.

## CREATE JOBS THROUGH RESTORATION AND CONSERVATION

Rebuilding wetlands along our coasts and lakes, replanting forests, and restoring our parklands, wildlife refuges, and rural ecosystems are not only essential in protecting and conserving our environment and communities, but lead to the creation of jobs. However, these efforts must be accompanied by monitoring and adaptive management in order to ensure long-term success,

➤ **FAST FACT:** The Great Lakes Restoration Initiative is important in improving conditions in this important region, which includes 10,000 miles of lake-front. Since 2010, nearly 600 projects have begun throughout the region, each playing a part in restoring the Great Lakes.<sup>40</sup>



# LEAD, INNOVATE, WIN

**Jobs21!** makes good economic sense, supporting an agenda to create and secure good American jobs. The green investments of the Recovery Act leveraged three dollars of private capital for every one dollar of government support and created or saved almost 1 million jobs. Through the programs and policies outlined above, we have the capacity to recover the 7 million jobs we lost during the recession. And since these programs rely on private

investment, we can do it in a way our country can afford.

If we put the right set of policies in place, we will send the right market signals to investors and companies, and America will become a job-creation force for the 21<sup>st</sup> century.

Visit [www.bluegreenalliance.org/jobs21](http://www.bluegreenalliance.org/jobs21) to sign the **Jobs21!** pledge today.

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JUNE 7, 2011

# National Policy on Transportation

We are well into the 21<sup>st</sup> century, but American transportation is still rooted firmly in the 20<sup>th</sup>. Lack of investment in our highways, transit and rail infrastructure threatens our economy and limits employment potential. We spend more than \$1 billion a day on foreign oil, and overall, transportation accounts for two out of every three barrels of oil we burn and produces nearly a third of our greenhouse gas pollution.

Investing in American-made cleaner vehicles, roads, bridges, tunnels, rail, transit, and better biking and walking can create millions of jobs in infrastructure, manufacturing, and operations. We need cleaner, safer, more efficient transportation to create a 21<sup>st</sup> century transportation system that assures America remains the world's leading global competitive economy, reduces pollution and our dependence on foreign oil, and creates new jobs and opportunity for workers across the nation.

America has several opportunities to move our transportation systems into the 21<sup>st</sup> century. The legislative and executive branches are working now on a number of initiatives, such as the transportation reauthorization bill, vehicle fuel efficiency standards, and a host of rail, freight, port and sustainable community endeavors to modernize American transportation. We need networks that have the capacity to meet the demands of an economy that is increasingly dependent upon "just in time" delivery and moves people and goods more efficiently, while at the same time increasing our energy independence, protecting our environment, and creating good, green jobs.

A forward-looking, comprehensive transportation policy should:

## Modernize Transportation Infrastructure and Make It More Efficient

According to the Federal Highway Administration, one out of every four of the nation's bridges are structurally deficient or functionally obsolete, nearly a quarter of the nation's bus and rail infrastructure is in marginal or poor condition and more than half of the miles driven on federal highways are on roads that are in less than good condition. We must modernize our highway, rail and transit networks and

ensure they are safe, in good repair, and more efficient. Maintenance and repair alone will not optimize efficiency or provide the energy savings we need. We need more and more efficient capacity to make our economy more productive.

## Make Our Transportation Networks Greener

Investing in transit, rail, high-speed rail, and biking and walking infrastructure will reduce congestion, saving oil and time. Rural areas will also benefit from rail and transit investment through better-linked communities, reduced sprawl, and better access to employment and economic development. Investing in public transportation will also create new markets for American-made transit and rail vehicles, as proposed in the Transportation Manufacturing Action Plan crafted by the Apollo Alliance and BlueGreen Alliance.

## Support Flexibility for Transit Operating Assistance

Gas prices are volatile and rising. Transit systems that have been hobbled by insufficient state and local tax revenues during the recent economic recession will see rising ridership as the economy gets stronger and fuel costs cut further into working people's paychecks. Many will be forced to shut down, lay off workers, raise fares, or reduce service, leaving more low-income people without a ride to work and jeopardizing the viability of a transportation mode that also saves billions of gallons of fuel each year.

Federal transit operating assistance puts people — transit employees and transit-dependent individuals — back to work quickly and gets them to work efficiently. Transportation investments should support day-to-day transit operations to preserve and create quality



jobs, ensure millions of working Americans are able to get to work affordably and reliably, and reduce pollution and dependence on foreign oil.

### Build Cleaner Cars and Trucks Here In America

We support the Obama administration's efforts to set light, medium, and heavy-duty vehicle standards that improve fuel efficiency, cut America's oil dependence, and reduce greenhouse gas pollution to the highest degree technically and economically feasible. By developing and producing advanced fuel-saving technologies in the U.S., automakers and the domestic auto supply chain can create quality jobs and supply the efficient cars and light trucks demanded in the marketplace. As these industries retool, there is also a need to support the automotive sector in their efforts to modernize their facilities and preserve and create jobs as they rebuild to compete effectively in the global marketplace.

As America transitions to a cleaner fleet featuring more hybrid and electric vehicles, we also need to invest in the electrification infrastructure that will increase market acceptance of advanced vehicles. This will create infrastructure employment, encourage advanced technologies, and complement efforts to modernize our electric grid. In addition, we need to support efforts to develop and manufacture advanced vehicles and complementary technologies here in America.

### Support Cleaner Ports and Freight

Eighty-seven million Americans live and work near ports that violate federal air quality standards, resulting in much higher rates and risk of asthma, cancer, and respiratory illnesses. More than 100,000 U.S. port truck drivers toil every day in dirty diesel rigs and effectively earn less than federal or state minimum wages. Many are without health insurance, and are misclassified as independent contractors, making them exempt from almost all legal protections for employees, including the right to form a union.

However, greening our ports and cleaning up our environment is not a burden that should fall on truck drivers already suffering under low wages and deplorable working conditions. We need to empower, but not mandate, local ports to adopt requirements for motor carriers and

vehicles that are reasonably related to the reduction of environmental pollution, traffic congestion, improving highway safety, and the efficient utilization of port facilities.

In addition, we need to strive for a multi-modal network for shipping freight that balances cleaner trucking and the advantage of rail, and support efforts to modernize freight systems and rail infrastructure, which will create quality employment and complement efforts to strengthen the industrial and manufacturing sectors of the economy.

### Create Quality U.S. Jobs In Transportation

We must ensure that the jobs that are created through transportation investments are created here in the U.S. and are good paying, quality jobs. We can create more high-road jobs here in America by including Davis-Bacon wage protections in transportation-related legislation.

We should also ensure that domestic sourcing provisions are included in the Transportation Reauthorization bill and other infrastructure policies as recommended in our Transportation Manufacturing Action Plan, a joint project among labor, business and environmentalists to ensure we're maximizing the employment, energy and environmental impacts of our transportation investments. Investment in transit, rail, and cleaner vehicles creates jobs for Americans who build trains, buses, cleaner cars and trucks and their component parts. From seats to windows to doors to motorcoaches to train cars, the manufacture of vehicles and parts represent important supply chains across the nation. Buy America provisions in transportation spending will ensure these good wage jobs are created here in the United States.

An overhaul of our nation's transportation system is long overdue. The system is broken, and broke — in addition to improving our infrastructure, we also need to create sustainable revenue sources to fund needed investments. The BlueGreen Alliance and our partners support investments to build cleaner, modern transportation systems to give Americans more mobility, make our economy more productive, create jobs, increase our energy independence, and reduce pollution.



The BlueGreen Alliance is a national, strategic partnership between labor unions and environmental organizations dedicated to expanding the number and quality of jobs in the green economy.

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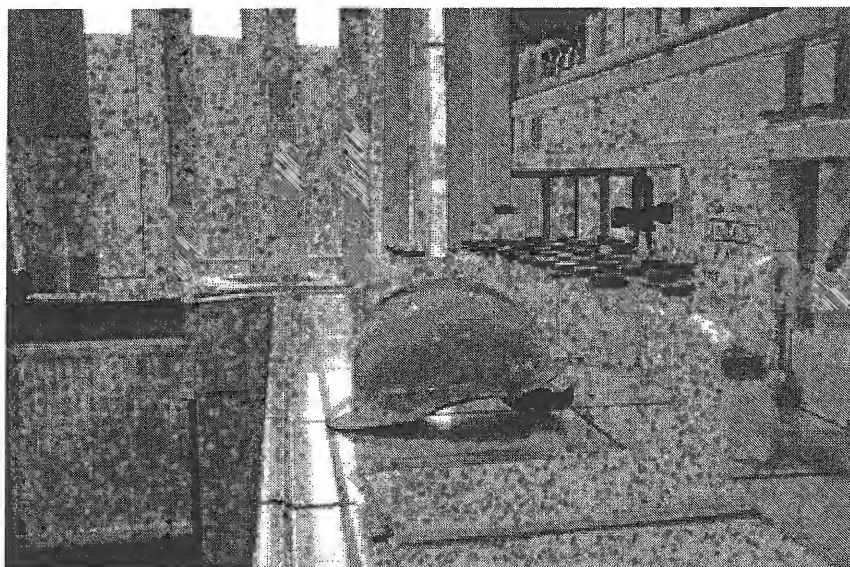
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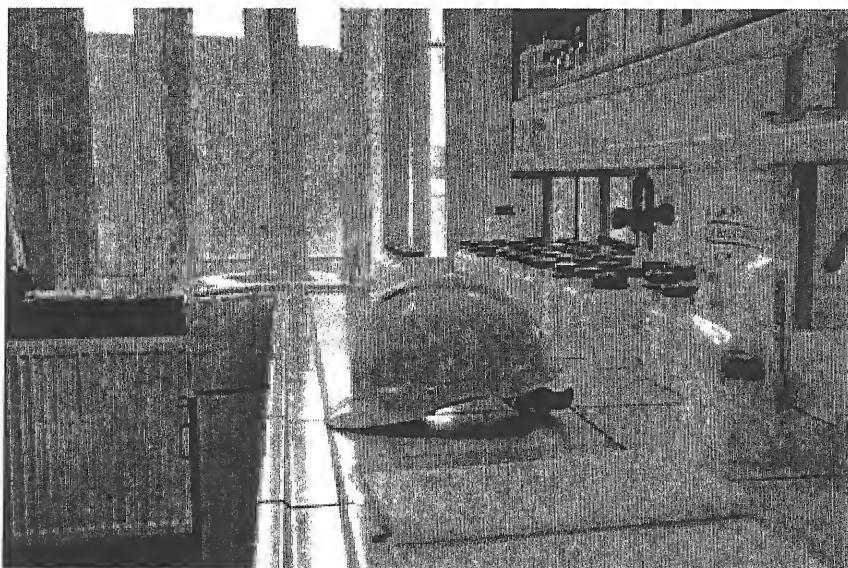
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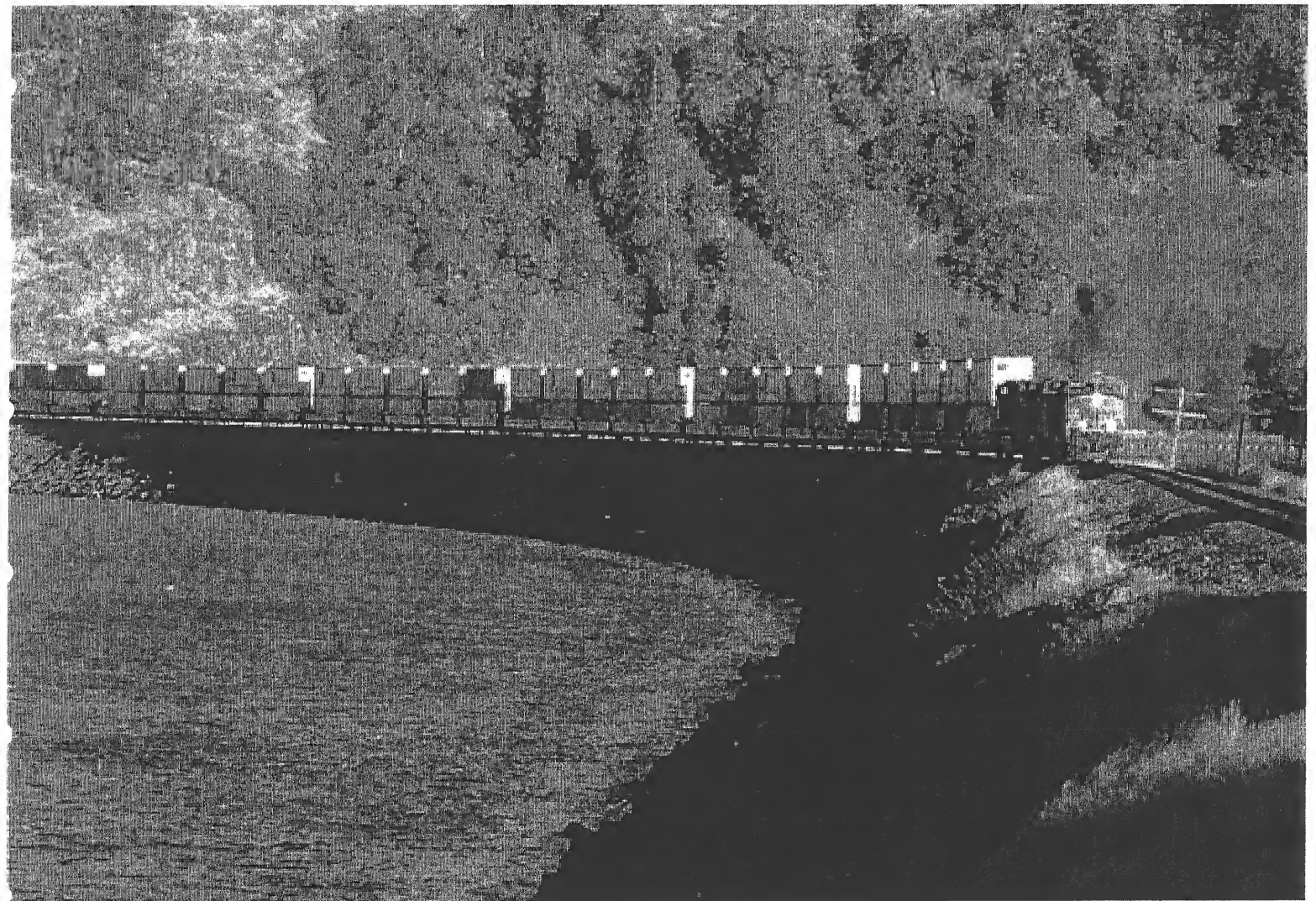
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# Gauging Growth

The Freight Rail Supply Chain  
and Job-Creation Potential

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This report is also available at [www.bluegreenalliance.org](http://www.bluegreenalliance.org).

The BlueGreen Alliance [www.bluegreenalliance.org](http://www.bluegreenalliance.org) is a national, strategic partnership between labor unions and environmental organizations dedicated to expanding the number and quality of jobs in the green economy. Launched in

**BLUEGREEN**  
ALLIANCE

2006 by the United Steelworkers and the Sierra Club, this unique labor-environmental collaboration has grown to include the Communications Workers of America (CWA), Natural Resources Defense Council (NRDC), Service Employees International Union (SEIU), National Wildlife Federation (NWF), Laborers' International Union of North America (LIUNA), Union of Concerned Scientists (UCS), Utility Workers Union of America (UWUA), American Federation of Teachers (AFT), Amalgamated Transit Union (ATU), Sheet Metal Workers' International Association (SMWIA), United Auto Workers (UAW) and the United Food and Commercial Workers (UFCW). The BlueGreen Alliance unites more than 14 million members and supporters in pursuit of good jobs, a clean environment and a green economy.

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BLUEGREEN ALLIANCE PARTNER ORGANIZATIONS



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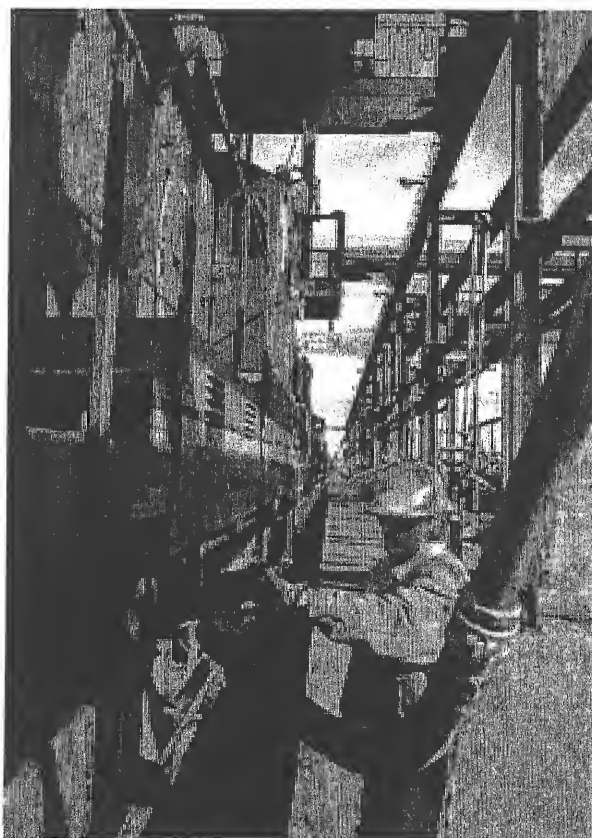


# EXECUTIVE SUMMARY

America is slowly but steadily recovering from a pronounced recession, which resulted in the loss of millions of American jobs across all sectors of the economy. While the country has sustained successive quarters of job growth, moving to a clean energy economy that is more energy efficient, produces more renewable energy and generates less pollution represents a significant opportunity to create more jobs and sustainable economic growth.

The freight rail industry can be a part of this transition, having demonstrated its green potential by making significant strides in efficiency, limiting pollution and creating and sustaining quality jobs. Economic models estimate for every billion dollars of freight rail capital investment about 7,800 green jobs are created or sustained, with nearly 20,000 total jobs supported throughout the domestic economy.

The rail industry has nearly doubled the amount of goods it has shipped without increasing fuel consumption over the past three decades, and creates a fraction of the pollution of other transport modes such as trucking and aviation. Its continued growth will generate green jobs, reduce dependence on foreign oil and contribute to solving climate change. As the U.S. economy gets back on track, freight movement will expand, requiring corresponding infrastructure investment. By growing capacity, the freight rail industry can seize significant opportunities to meet projected demand for shipping cargo, save energy, reduce pollution and create tens of thousands of new jobs throughout the economy.



Economic models estimate for every billion dollars of freight rail capital investment, about 7,800 green jobs are created or sustained, with nearly 20,000 total jobs supported throughout the domestic economy.

# GAUGING GROWTH: THE FREIGHT RAIL SUPPLY CHAIN AND JOB CREATION POTENTIAL

## THE ECONOMY, ENERGY AND THE ENVIRONMENT

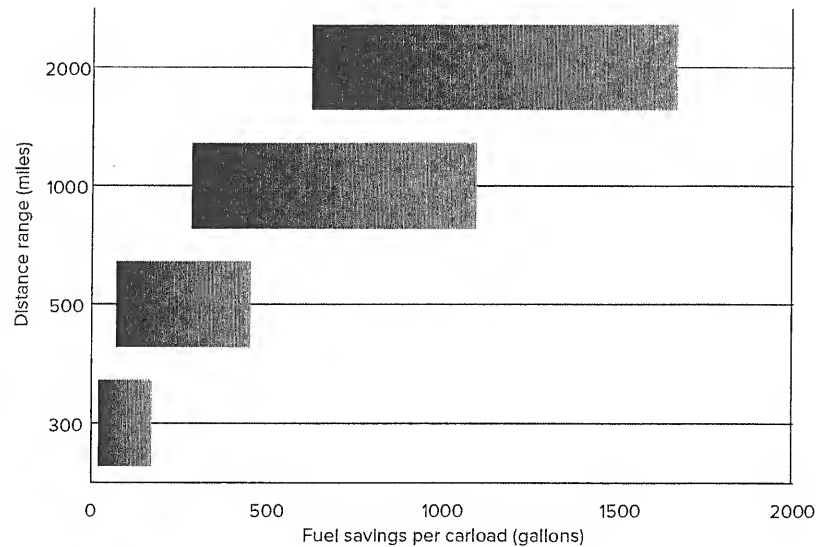
The American economy is showing signs of recovery from the steepest downturn since the Great Depression. With unemployment rates hovering around 9 percent as of May 2011, new approaches and investment are needed to get more Americans back to work and invigorate the U.S. economy.<sup>1</sup>

However, at a time when we need to invest in the domestic economy, America sends more than \$1 billion each day to foreign countries to purchase oil. American imports of foreign oil have risen by nearly 40 percent since 1990, and currently imports supply the bulk (57 percent) of American oil use.<sup>2</sup>

Transportation, meanwhile, accounts for two-thirds of U.S. oil consumption, and fuels derived from oil currently drive nearly all transportation activity (94 percent).<sup>3</sup> Within transportation, surface freight movement represents a considerable segment of energy usage, consuming more than 1 billion barrels of oil a year — the equivalent of the amount of oil we import from the Middle East and Venezuela annually.<sup>4</sup>

Corresponding with reliance on fossil fuels is the production of greenhouse gas pollution that contributes to climate change. Currently, transportation accounts for nearly a third of America's greenhouse gas emissions (GHGs), necessitating more efficient approaches across all transportation modes if the sector can become part of the solution for reducing our dependence on foreign oil and addressing the impacts of climate change.

FIGURE 1. Rail versus Truck Fuel Saving per Distance (Gallons)



Source: ICF International

Freight rail is a far more efficient mode of transporting bulk goods when ranked against trucking and aviation, especially over long distances, moving a ton of freight 484 miles per gallon of fuel consumed.<sup>5</sup> On a per-ton basis, trucking uses on average four times the energy to transport freight versus rail.<sup>6</sup> While trucks are necessary to carry goods over the “last mile” — from local and regional distribution centers to market — freight rail is the most efficient means of moving freight medium and long distances from ports and inland terminal centers.<sup>7</sup> (See Figure 1)

Advances in locomotive and rail system efficiency have increased substantially in the past two decades, with the freight rail industry having increased its fuel economy 38 percent

since 1990, compared to 11 percent for trucks through the same period.<sup>8</sup> American companies are developing and producing many of these pollution reducing and energy saving technologies here in the U.S. (as highlighted throughout this report), strengthening both our domestic economy and our global lead in advanced rail manufacturing processes.

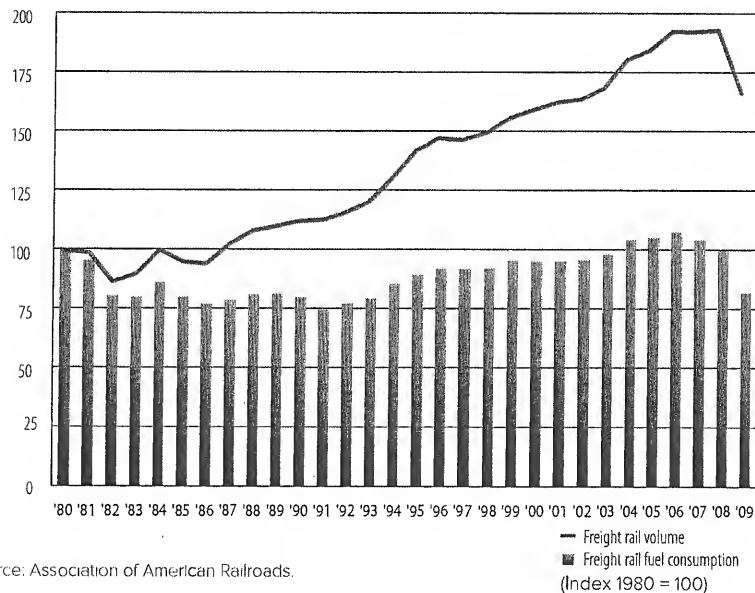
In recent years, railroads have implemented advanced monitoring systems to improve engineers' ability to drive at speeds that maximize fuel savings. Railroads have also invested in lighter freight cars and more efficient locomotives to reduce fuel consumption. These efficiency gains have allowed the freight rail industry to double the number of ton-miles traveled without increasing energy use over the last three decades. In 1980, freight rail transported 919 billion ton-miles of cargo; by 2008 this increased to 1.8 trillion ton-miles, and fuel consumption remained steady at nearly 4 billion gallons over those three decades.<sup>9</sup> Additional strides in locomotive efficiency (i.e. diesel and hybrid systems), drivetrains, lighter materials, and improved logistics and controls hold potential to significantly reduce fuel consumption and particulate and GHG pollution. (See Figures 2 and 3)

Energy savings fostered by transporting freight via rail results in lower GHGs. While accounting for nearly half of total U.S. freight ton-miles, rail currently contributes only about 11 percent of freight-related carbon dioxide pollution.<sup>10</sup> Furthermore, last year the U.S. Environmental Protection Agency proposed that shifting five percent of truck freight to freight rail would significantly contribute to reducing GHGs to levels that would help solve climate change.<sup>11</sup> (See Figure 4)

## FREIGHT RAIL CREATES EMPLOYMENT THROUGHOUT THE ECONOMY

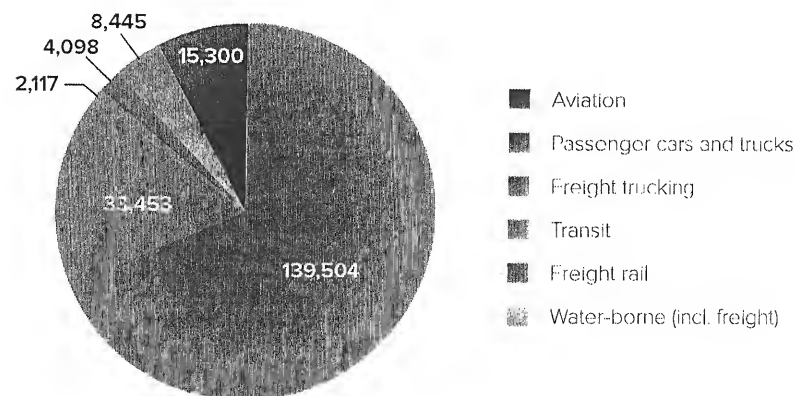
Coast to coast, the freight rail industry links commerce and helps drive the American economy. The freight rail industry is a significant economic engine, contributing nearly \$265 billion of total economic activity annually, and is supported directly and indirectly by about 1.2 million workers.<sup>12</sup> As such, the freight rail industry and its supportive sectors comprise a value-add to the economy, representing approximately 1 percent of the U.S. workforce that creates 2 percent of output within America's \$15 trillion economy.<sup>13</sup>

**FIGURE 2. Rail Fuel Consumption versus Freight Volume**



Source: Association of American Railroads.

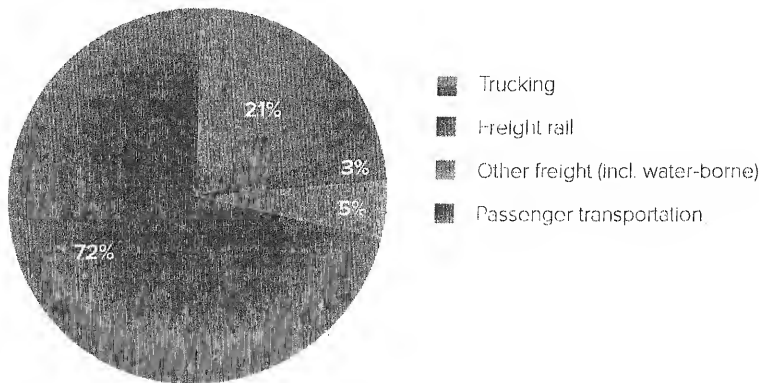
**FIGURE 3. 2005 Petroleum-Based Fuel Usage by Transportation Mode (Millions of Gallons)**



Source: Bureau of Transportation Statistics.

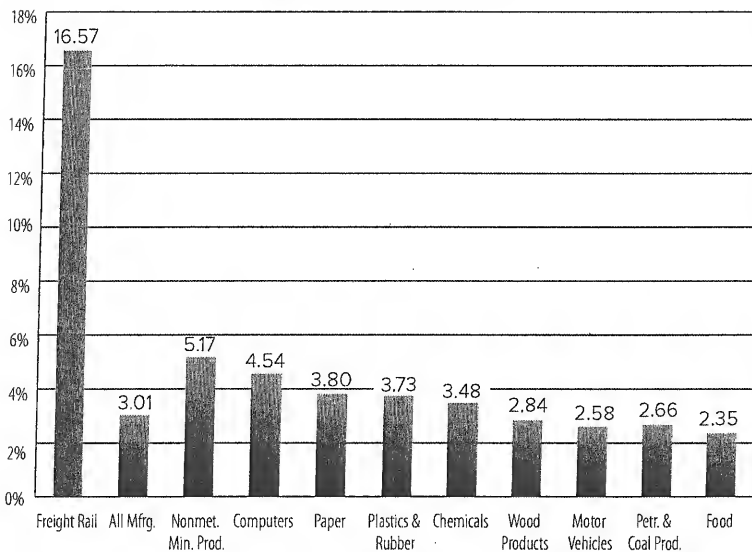


**FIGURE 4. 2007 U.S. Transportation Greenhouse Gas Emissions by Mode**



Source: U.S. Environmental Protection Agency.

**FIGURE 5. Capital Expenditures as a Percentage of Revenue (Average 2000-2009)**



Source: U.S. Census Bureau; Association of American Railroads.

Within the industry itself, capital investment in freight rail presents a significant opportunity for American job creation. In 2010, railroads spent approximately \$10 billion on infrastructure and equipment investment, and historically, the industry directs more than four times the average level of revenues into capital investment compared to other industrial sectors.<sup>14</sup> (See Figure 5)

## HOW MANY JOBS?

To estimate the types of jobs that are directly and indirectly created by investment in freight rail, this report uses a model that merges industrial data on input-output relationships with household-level data on demographic and labor market variables. This model builds on the methodology established in the 2010 BlueGreen Alliance/Economic Policy Institute report, "Full Speed Ahead: Creating Jobs Through Freight Rail Expansion." Results from this model indicate:

- \* \$1 billion of rail capital investment creates 7,800 green jobs, which are defined as jobs created in direct and supplier industries as a result of freight rail spending. These activities include:
  - » Manufacturing – locomotives, freight railcars, shop machinery
  - » Construction – rail roadway buildings, warehouses, grading
  - » Iron and steel industries – rail and over-the-road track materials
  - » Others – communications and computer support, timber for railroad ties, quarrying for rail ballast
- \* Rail capital investments create and sustain proportionately fewer low-wage jobs and more medium-wage jobs compared to the broader economy. They also provide a higher proportion of employment to workers without a college degree.
- \* Including re-spending effects, \$1 billion of rail investment could create anywhere between 12,300 to 26,600 total jobs throughout the U.S. economy.

*continued on page 7 >>>*

# Alstom Transportation

## Locations in U.S:

- Rochester, NY
- Hornell, NY
- Naperville, IL
- New Castle, DE
- Mare Island, CA
- New York, NY (headquarters)

## Employees in the U.S.:

Approximately 700

## Company Background

Alstom Transportation provides the U.S. freight and passenger rail industry with a range of products and services including rolling stock manufacturing and modernization, train life services (TLS) and transport information services (TIS), which includes signaling and other infrastructure systems such as switch machines, relays, track circuits, interlocking products, signals, onboard equipment and the Positive Train Control (PTC) family of products. Alstom's TLS group provides the material management and maintenance offerings for existing rail fleets. The company is devoted to quality and dedicated to achieving customer satisfaction by delivering quality products, on time and on budget, and preserving the environment by providing "Sustainable Mobility."

Alstom's 150,000 square foot facility in Rochester, New York has added approximately 100 employees over the last year and plans to hire about 100 more by the end of 2011.

## Sustainability

Many of Alstom's sites, including its New Castle, Delaware TLS facility, use the LEED "Green Building" approach. LEED (Leadership in Energy and Environmental Design) is an internationally recognized certification system that provides building owners and operators with a concise framework for identifying and implementing practical and measurable green building design, construction, operations and maintenance solutions. These buildings provide healthier work and living environments, which contributes to higher productivity and improved employee health and comfort while reducing energy consumption.

## Job Additions

Alstom's 150,000 square foot facility in Rochester, New York has added approximately 100 employees over the last year and plans to hire about 100 more by the end of 2011. Alstom has invested millions of dollars into the site, expanding its capacity to support that growth and strengthening its state-of-the-art manufacturing capabilities. From this site, Alstom provides signaling and control systems to North America's transit, commuter, and freight rail markets, includ-

ing vital safety systems that allow safe operations in mixed-use corridors.

## Freight rail connection

Alstom's links to the freight rail industry include the supply of signaling and train control equipment through its TIS group, which operates from a state-of-the-art manufacturing headquarters in Rochester, New York. Today, Alstom is the leading supplier of Positive Train Control (PTC) signaling equipment for both freight and passenger rail. Alstom's TLS team also works to keep America's freight trains running smoothly through the application of condition-based maintenance approaches.

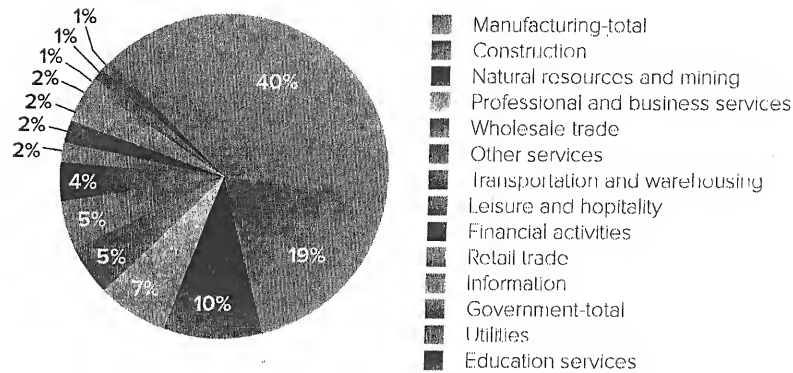
## Union presence

International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers-Communication Workers of America (IUE-CWA)

International Association of Machinists and Aerospace Workers (IAM)



**Figure 6. Job Creation by Industry Resulting From Freight Rail Investment (per unit/dollar invested)**



Source: Economic Policy Institute.

Calculating what mix of jobs would be supported by higher rail investments involves three steps. The first is translating a package of capital investment (based on actual 2008 freight rail capital expenditures, which include equipment and infrastructure) into spending flows that match up with one or more of the 202 industries in the Department of Labor's Bureau of Labor Statistics (BLS) 2008 nominal domestic employment requirements matrix.<sup>15</sup>

Second, these spending flows are equated into employment impact. The BLS matrix shows how demand in a given industry is supported by employment in both that industry (the direct job impact) and other "supplier" industries (the indirect job impact).

Construction industry spending has impacts outside of the BLS-defined industry as well. For example, \$1 billion in demand in any given industry would sustain jobs within that BLS-defined industry (the direct job impact), and also jobs in retail trade, healthcare, and a variety of other industries throughout the economy.<sup>16</sup> (See Figure 6)

## ADDITIONAL EMPLOYMENT IMPACT: INDUCED JOBS

Lastly, re-spending — or induced — jobs will also be created in the industries in which workers in the direct and indirect industries choose to spend their additional income. This can include anything from housing, education, food, recreation and other consumer and business spending made possible through rail-derived income. Because we cannot predict what types of purchases workers will make, it would be inappropriate to label the entire job impact as consisting of "green jobs."

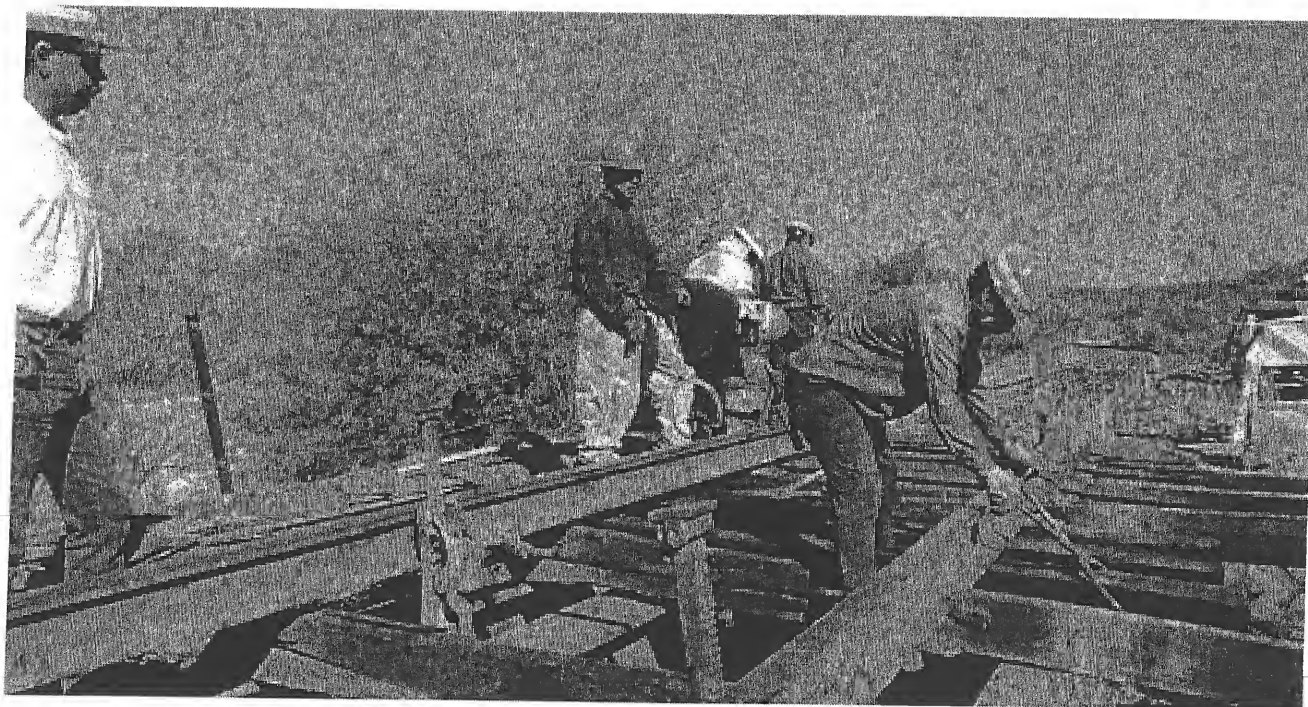
The model only predicts direct and indirect job impact, but by applying a standard economic multiplier one can determine a rough estimate of the total job impact, one that includes re-spending effects.

Applying these economic multipliers suggest freight rail capital investments would produce anywhere from 12,300 to 26,600 total jobs (direct, indirect, and induced), generally estimated at 20,000 jobs per billion dollars of investment.<sup>17</sup>

## WHAT KINDS OF JOBS?

Rail investments tend to create quality employment opportunities. Relative to the overall economy, a disproportionately small amount of these jobs are low-wage, with more jobs created in the middle of the wage distribution. Over the past few decades hourly wage inequality has risen dramatically, becoming the single largest impediment to raising the living standards of average American workers. Much (though far from all) of this rise in wage inequality is attributable to the de-unionization of the general workforce and growing wage advantage afforded to those with a college degree, factors also perpetuated in part by the loss of manufacturing jobs in the economy.<sup>18</sup> The rail industry has held the line in preserving the advantages of these better-paying, unionized jobs — rail employees, the majority of which are unionized, earn on average 30 percent more than the mean U.S. annual income and 74 percent more than workers in the transportation sector as whole.<sup>19</sup>

In addition, the economic model<sup>20</sup> developed for this report suggests jobs throughout the economy that support the freight rail industry tend to be slightly more unionized when compared with the total U.S. economy (13 percent for industries directly or indirectly supporting the freight rail industry, versus 12 percent for the economy as a whole), a condition that often confers higher benefits and greater job security to workers. Finally, a much larger share of these jobs are available to the 70 percent of workers without a four-year college degree.<sup>21</sup>



Freight rail jobs, key to reducing carbon and saving energy in the transportation sector, meet the standard of 'green' jobs.

## FREIGHT RAIL JOBS = GREEN JOBS

Green jobs are those jobs which help achieve goals to reduce climate impact, save energy, encompass waste reduction and recycling, conserve water, lower carbon pollution, produce renewable energy, recycle resources and goods and remediate environmental problems. Freight rail jobs, key to reducing carbon and saving energy in the transportation sector, meet this standard.

This assertion is reinforced by emerging standards of economists and labor market analysts who are at the beginning stages of codifying working — and workable — definitions of green jobs.

The transition to a low-carbon economy is a dynamic process and green jobs will evolve along an ever-improving continuum. To date, perhaps the most comprehensive labor market analysis of green jobs has been developed by authors writing on behalf of the Occupational Information Network (O\*NET), which prepared a 2009 report for the U.S. Department of Labor entitled "Greening of the World of Work." This report analyzes

the impact of the growing green economy on occupational requirements and on the broader systems of industrial and occupational categorization used by workforce and economic developers to track industry demand for specific occupations, as well as the wages earned and skills required by workers in those occupations. The report goes on to define twelve broad industry sectors that meet this definition. One of those sectors is transportation, which is defined as follows:

This green economy sector covers activities related to increasing efficiency and/or reducing the environmental impact of various modes of transportation, such as trucking, mass transit, freight rail, and water.

"Greening of the World of Work" thus contextualizes green jobs within the systems used for industry and occupational analysis and clearly identifies rail jobs as part of the categorization they offer for green occupations.

Building on this work, the BLS is in the process gathering data about green jobs in order to develop a definition of green industries and green jobs that is comprehensive and robust

enough to serve as the basis for future policymaking and labor market analysis.

While BLS is not clear at their present stage of analysis about how high up the supply chain, or how broadly, to label manufacturing industries as green, the list does include Railroad Rolling Stock Manufacturing (#336510) as a proposed green industry.

Furthermore, supporting industries that lay the foundation of freight rail infrastructure play a large part in contributing to transportation efficiency, and as such, could meet the standards as currently proposed. These existing occupations — such as construction trades that lay track and build supporting infrastructure and rail equipment manufacturers — generate and sustain employment based mostly, if not entirely, on capital investments that enhance freight rail efficiency.

Freight rail and supporting industry jobs are green jobs, and the emerging consensus suggest this will be the case as the definition is further refined. Labor market analysts, advocates, workforce and economic development practitioners can all build on this foundation.

## THE FREIGHT RAIL SUPPLY CHAIN

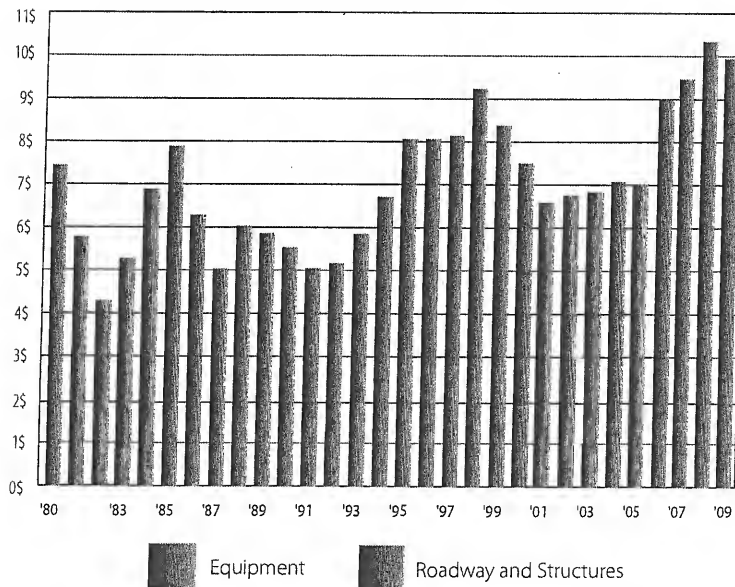
In previous decades, the U.S. economy has experienced a marked shift away from goods-producing (natural resources, mining, construction, and manufacturing) and towards service-producing jobs. From 1979 to 2009 the share of goods-producing jobs fell from 28 percent of total non-farm employment to 15 percent.<sup>22</sup> Despite the American workforce growing by over half during that period, in 2007, before the recession, there were 26 percent fewer goods-producing jobs in the U.S. than there were in 1979.<sup>23</sup>

Investing in America's rail system offers the opportunity to offset this decline. America's freight rail networks, comprising more than 140,000 miles of track, move nearly 2 trillion ton-miles of freight annually.<sup>24</sup> Unlike most other modes of freight transport, capital improvements across the entirety of the network are almost exclusively funded through industry revenue. Overall, the freight rail industry has invested \$460 billion in revenues back into capital needs and expansion since 1980. These investments have continued through the recent economic downturn; in 2010, Class I railroads (the seven major national freight railroads, and Amtrak, which own and operate the majority of U.S. rail track) spent nearly \$10 billion on capital improvements, to include \$1.9 billion on rolling stock and equipment and \$7.9 billion on roadway and structures.<sup>25</sup> (See Figure 7)

The freight rail industry spends on average approximately 17 percent of its revenues into capital needs and expansion — nearly four times the level of other manufacturing activities. Supporting this investment is an array of activities spanning the goods-producing sectors, such as construction for laying track, erecting support and maintenance facilities, and manufacturing, from producing steel for track to building components, vehicles, and electronics. These activities are dispersed throughout the country, beyond the traditional centers of manufacturing in the Northeast and Midwest, creating economic and employment impacts that benefit small towns and medium and large cities alike, across the breadth of the U.S. economy. (See Figure 8)

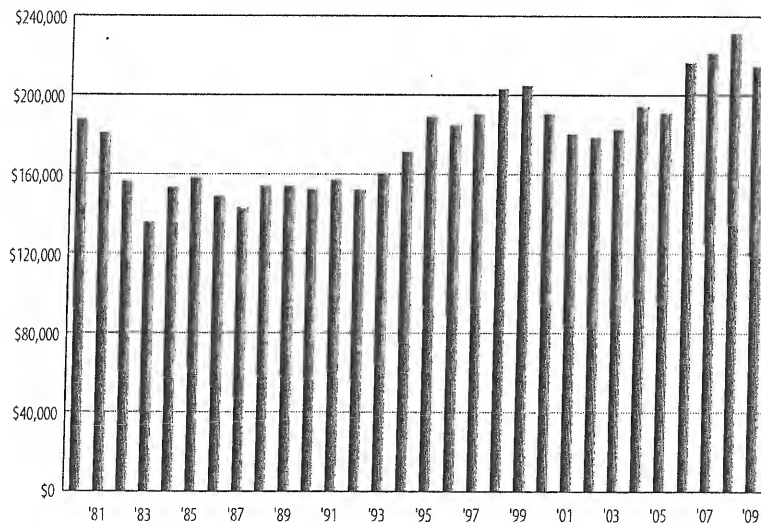
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**Figure 7. Class I Railroad Capital Spending (\$ in Billions, Inflation Adjusted, 2009 Dollars)**



Source: Association of American Railroads.

**Figure 8. Class I Railroad Capital Spending per Mile of Railroad (Inflation Adjusted, 2009 Dollars)**



Source: Association of American Railroads.



# ArcelorMittal Steelton

## Location of facilities:

Steelton, PA (rail)

## Other major U.S. operations include:

Indiana - Burns Harbor, East Chicago, New Carlisle

Illinois - Riverdale, Chicago (headquarters)

Ohio - Cleveland, Columbus, Shelby, Marion, Warren

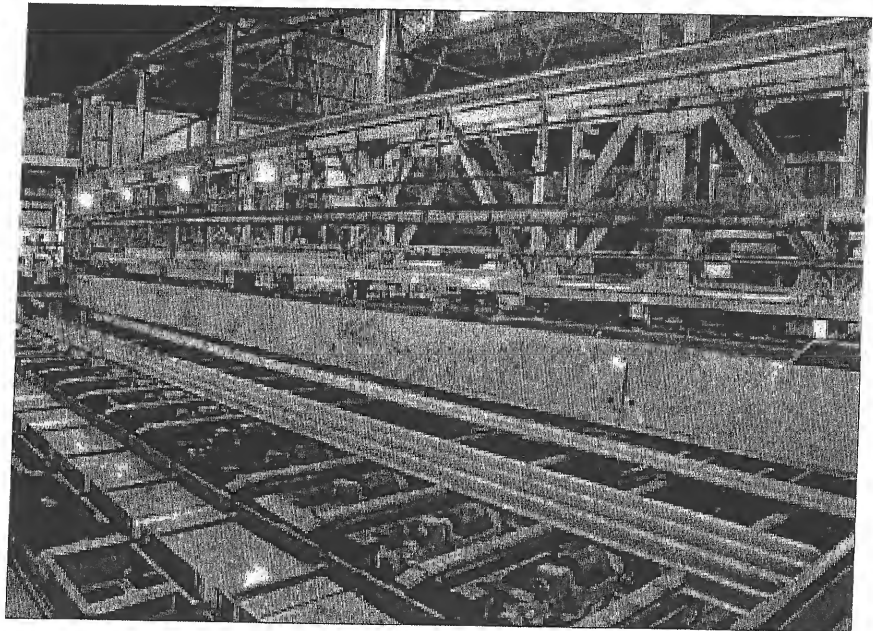
Pennsylvania - Coatesville, Conshohocken

West Virginia - Weirton

## Number of employees:

Steelton - approximately 650

USA - approximately 21,000



The ArcelorMittal Steelton plant is capable of producing approximately one million tons of raw steel, such as this newly-processed rail, annually.

## Company background

ArcelorMittal Steelton was originally founded in 1867 to roll rail for the expanding Pennsylvania Railroad. Today, ArcelorMittal Steelton is one of only three rail producers in North and South America. Capable of producing approximately 1 million tons of raw steel annually, the facility produces steel rails, specialty blooms, special quality bars and large diameter forging-quality ingots to serve the rail transportation, forging and re-rolling industries, cold-drawing and other industrial applications markets.

ArcelorMittal Steelton is part of ArcelorMittal, the world's leading steel company with more than 285,000 employees and operations in more than 60 countries. As a global leader, the company is positioned to shape the future of its sector in terms of economic model and social and environmental responsibilities.

In the United States, ArcelorMittal operates 21 major integrated, finishing and mining facilities and employs about 21,000 men and women. ArcelorMittal is the largest steel producer in North

America and the largest integrated steel producer in the United States.

Product lines within the U.S. include flat, long and tubular products, producing slabs, hot and cold rolled coils, coated steel, plates, tin mill products, bars, blooms, billets, ingots, wire, rail, pipes and tubes. Markets served include tin, automotive, appliance, rail, construction, infrastructure and bridges, energy, and oil and gas.

## Company expansion

In February 2010, ArcelorMittal Steelton announced a \$54 million reheat furnace project that will reheat steel to a rolling temperature in a manner that is more time and energy efficient than current technology, resulting in significant cost and quality improvements. The furnace is expected to marginally increase annual capacity.

The reheat furnace and related equipment installation will be an important part of a strategic upgrade, improving the competitive position and energy efficiency of Steelton. This project will

enhance Steelton's position to meet the needed improvements in rail infrastructure and will support the growth of high-speed passenger service in the U.S.

Currently, the reheat furnace project is in the engineering and design layout phase. ArcelorMittal is developing time-tables consistent with the project scope and are in the process of requesting bids for various aspects of the project. They expect to break ground and begin construction in mid-2011. ArcelorMittal Steelton remains on track to have the reheat furnace project in operation in 2012.

ArcelorMittal Steelton is also in the process of adding a new product section to serve the tram rail/street car market, positioning ArcelorMittal Steelton as the only U.S. manufacturer of tram rail. The product is in the final development phase and will be available in mid-2011.

## Sustainability

ArcelorMittal Steelton uses a proprietary in-line rail head hardening process to produce premium rail for the freight and transit rail markets. Premium rail is about

50 to 60 BHN (Brinell Hardness scale) harder than standard rail. That increase in hardness leads to more sustainable rails that will resist abrasive wear much better than standard rail, lasting up to twice as long as standard strength rail in track with high degrees of curvature.

The production process for premium rail is a sustainable process. Having an in-line head hardening operation means that no additional heat input is required; the temperature of the steel as it comes from the mill is all of the heating required. The in-line operation is able to approximately keep pace with the mill, allowing Steelton to produce premium rail all day long, with only about a five-to-seven-minute break in-between heat lots. The rails are treated through an environmentally-benign process without any harmful emissions.

ArcelorMittal is committed to operating in a responsible way with respect to the health and safety of its employees, contractors and the communities in which we operate. They are also committed to the sustainable management of the environment and finite resources, and have taken a lead role in tackling the global climate change challenge, working to develop breakthrough steelmaking technologies and solutions that will reduce GHG pollution. Specifically, ArcelorMittal has committed to reducing the amount of CO<sub>2</sub> emitted in the steelmaking process by eight percent globally, setting an emission reduction target of 170 kg per ton of steel produced by 2020.

According to the American Iron and Steel Institute, the North American steel industry has made significant strides to protect the environment by:

- Reducing overall energy consumption per ton of steel produced by 33 percent since 1993;
- Reducing GHG emissions by more than 25 percent from 1994 through 2003;
- Reducing volume of air contaminants by more than 70 percent and total air and water discharge by 69 percent from 1994 thru 2003; and
- Collecting and reusing steelmaking byproducts such as coke oven and steelmaking gases for fuel and heat generation.

Additionally, ArcelorMittal USA has identified ways to reduce and reuse energy, one of the most costly inputs in the steel-making process. ArcelorMittal's energy management system in our offices and facilities seeks to:

- Save money and increase the sustainability of operations
- Reduce greenhouse gas emissions
- Protect the environment and natural resources

Last month, ArcelorMittal USA earned its fourth consecutive ENERGY STAR award (a joint U.S. Environmental Protection Agency/Department of Energy program), recognizing the company's commitment to reducing energy intensity at their U.S. operations. Over the past two years, they have achieved more than \$22.7 million in ongoing annual energy savings through energy savings projects. ArcelorMittal is the only steel company to be named an ENERGY STAR Partner of the Year. ArcelorMittal Steelton played a significant role in achieving this distinction.

## Freight rail connection

ArcelorMittal is both a supplier of rail and a customer of the railroads in the United States. ArcelorMittal Steelton supplies rail to the railroad while the majority of ArcelorMittal's U.S. operations utilize the railroads for the transportation of incoming raw materials and equipment and outgoing product to customers.

ArcelorMittal constantly evaluates various modes of transportation including rail, waterborne vessels and trucks. Typically, in most applications, rail and waterborne vessels have more economic and environmental benefits than trucks due to their ability to transport large bulk volumes in a single move at both long and short distances.

## Union presence

Approximately 14,650 U.S. employees, or nearly 70 percent of ArcelorMittal's total U.S. workforce, are represented by the United Steelworkers (USW). At ArcelorMittal Steelton, approximately 86 percent of the total 650 employees are represented by USW Local 1688.



In August 2009, ArcelorMittal Steelton served as a regional example of the American Recovery and Reinvestment Act (ARRA) in action. U.S. Representative Tim Holden (center), together with management from the Southeastern Pennsylvania Transportation Authority (SEPTA) and ArcelorMittal Steelton, recognized a train rail order from SEPTA for a modernization project, which resulted from federal stimulus funding. The entire community benefits when regional improvement projects include locally-made steel and other materials.





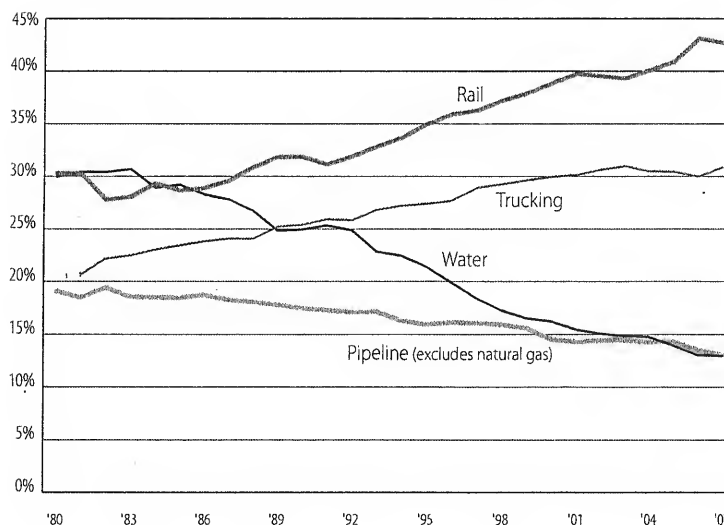
In March 2010, President Barack Obama announced a goal of reversing the decline of goods-producing industries and doubling the value of American exports by 2015. Such an undertaking, which could create 2 million new American jobs, would also ideally prompt expansion of the freight rail system to move more goods, with the added benefit of creating jobs in the manufacture of the rolling stock and machinery requisite to grow the American rail network. Already, the rebounding economy is creating demand for freight rail services and facilitating growth in other sectors — for example, an improving auto market has led to growth in the delivery of auto parts and vehicles, with carloads carrying these goods increasing by 27 percent from December 2008 to December 2010. Transport of clean energy machinery and components, such as oversized parts for wind turbines, require specialized transport services uniquely supplied by rail shippers. Shipment of biofuels is facilitated by high-volume container transport provided via rail. And other sectors of the economy benefit from the cost effective mode of transport for bulk goods, such as agricultural products, raw materials, and pharmaceuticals for domestic consumption and export. As the economy grew over the past few years, the efficiency and effectiveness of rail transport was reflected in higher revenues across all sectors of goods shipped, totaling more than \$50 billion in 2010.

## FREIGHT RAIL'S ROLE IN THE ECONOMY

As the economy goes, so goes rail. Already, the industry is preparing itself for increased demand for freight service, spending nearly \$10 billion in maintaining and upgrading the rail network last year, and in 2011, this investment is expected to reach \$12 billion, as the economy rebounds and the freight rail industry primes itself to deliver goods for export and to the marketplace in a growing economy.

By 2015, freight tonnage carried by rail is expected to increase by 20 percent over levels seen in 2009, and projections estimate

Figure 9. Percentage Share of Ton-Miles Traveled



Source: Bureau of Transportation Statistics.

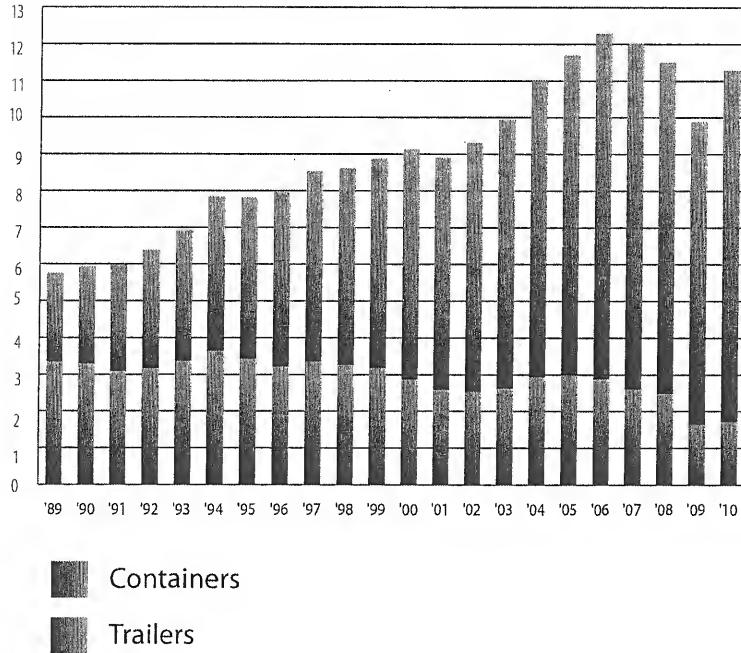
average annual growth in tonnage between 3 to 4 percent through 2040.<sup>26</sup> Already, rail accounts for nearly half of all ton-miles of cargo in the U.S. (about 43 percent) and has been increasing share against pipeline and water-borne transport, and holding steady with over-the-road trucking. (See Figure 9)

Freight rail is a far more efficient mode of transporting bulk goods when ranked against trucking and aviation, especially over long distances. On a per-ton basis, trucking uses on average two to four times the energy to transport freight versus rail.<sup>27</sup> While trucks are necessary to carry goods over the “last mile” — from local and regional distribution centers to market — freight rail is the most efficient means of moving freight medium and long distances from ports and inland terminal centers.<sup>28</sup>

Overall, the U.S. Department of Transportation projects total U.S. freight movement to increase by 60 percent by 2040, from 16.9 billion tons to 27.1 billion tons.<sup>29</sup> This will require constant investment in freight rail capital and infrastructure, at higher levels than seen in recent years in order to keep

pace with increased demand for transport, and ideally, a greater share of ton-miles that would represent a shift toward the higher efficiency and reduced fuel consumption for long-distance shipping made possible through rail transport. An estimated additional \$1 to \$2 billion of annual capital investment will be required to keep pace with growing demand for shipping in the years to come.<sup>30</sup> Strengthening our freight rail networks through expansion would create new synergies across freight modes and allow freight rail to capitalize on the growing intermodal market, which transports about 12 million intermodal (ship, train and truck-compatible) containers each year. Intermodal represents the fastest growing segment of rail traffic, nearly doubling containers carried since 1990. Given the long-distance transport efficiencies of freight rail, this represents a huge opportunity for increasing market share and delivering additional energy savings versus other surface modes. (See Figure 10)

**FIGURE 10. Container and Trailer Traffic via Freight Rail  
(Millions of Containers and Trailers)**



Intermodal movement on freight rail increased nearly 9 percent between 2010 and 2011. While part of this is on account of the recovering economy, rail investments resulting in better service and improved hub efficiency, highway congestion, increased fuel costs, and boxcar conversions are paving the way for freight rail to capture a larger market intermodal share as well.<sup>31</sup>

Many of the rail industry's intermodal expansion efforts are focused on traffic to and from ports serving international trade and directly impact America's ability to compete in the global economy. Traffic in these high-volume corridors will continue to grow, and could be overburdened as economic growth and trade outpace infrastructure investment. Improving freight rail's intermodal market share and port connectivity will play a crucial part of in achieving the President's National Export Initiative by enhancing the nation's ability to export.<sup>32</sup>

Source: Association of American Railroads.

# Progress Rail Services

## Locations:

90 facilities in the U.S., in addition to Canada, Mexico and Brazil

## Employees in the U.S.:

Approximately 3,000

## Company Background

Progress Rail Services (a Caterpillar subsidiary) delivers sustainable, and efficient solutions for the railroad and steel industries. For over 25 years, Progress Rail has been on the forefront of sustainable development by reusing materials, conserving energy, and limiting environmental impact.

Progress accomplishes this through three core business practices:

- **Recycling:** by collecting old, worn materials, the company is able to reduce harmful effects on the environment and provide quality goods by reprocessing and repurposing materials into new, useable products.
- **Reconditioning:** The company gathers items not suitable for current use and recondition them to suit present needs, thereby foregoing the need to harvest precious, raw materials to make new products.
- **A Philosophy of Sustainability:** The company operates with a sustainability philosophy of "doing more with less," whether it is the components repurposed or the new, more efficient locomotive products the company introducing.

## Freight rail connection

Progress Rail serves both the railroad and steel industries by disassembling older, end-of-life railcars and components, determining which parts may be reused, then reconditioning reusable parts for resale purposes. Any leftover material is recycled and then sold to steel companies. There, the old material is reprocessed and made into new steel. A portion of that steel is used by various consumers, such as Progress's parent

company, Caterpillar, to build equipment and used by other companies to build infrastructure. With its acquisition of Electro-Motive Diesel, Progress Rail will continue to strengthen its sustainable operations through the production of advanced, low-emission locomotives and fuel-efficient engines.

## Sustainability

Progress Rail's two main business units – Engineering and Track Services (ETS) and Locomotive and Railcar Services (LRS) – are both committed to sustaining resources. ETS focuses on rail infrastructure, and collects or purchases various components, then reconditions, reshapes and resells those items to customers. Progress also extends the useful life of rail by re-welding it in their facilities or on location.

## Progress

LRS recycles and reconditions in several ways, including reconditioning and recycling most railcar and locomotive components. LRS also uses Caterpillar's enhanced electronics and engine system integration to develop the next level of environmentally-friendly locomotives, relying on advanced technology engines that will reduce fuel consumption by as much as 40 percent, and reduce emissions by 90 percent. Progress Rail's processes also give new life to oil pumps, auxiliary generator drive assemblies, cam shafts, oil pans and other components — which are then employed to produce locomotives that meet or exceed government guidelines for environmental protection. This recycling of railroad products and other recyclables,

along with the deployment of new fuel- and reduced emissions locomotives, not only saves thousands of gallons of diesel fuel and significantly reduces GHG pollution — it also saves thousands of kilowatts of energy. Together with Caterpillar's engine solutions, Progress Rail's assortment of reconditioned components can power trains that will deliver cleaner transportation for years to come.

Another example of how Progress Rail promotes sustainability is through recycling operations, which process an array of scrap materials for use by steel mills. State-of-the-art shredders use large, rotating magnets to separate precious reusable metals and deliver them to separate transport vehicles. One shredder can process 240,000 pounds of material per hour — totaling 480 million pounds per year. On a whole, Progress Rail has the capability to process 1 to 1.2 million tons of scrap per year. Progress Rail has reduced the amount of material taken to landfills by approximately 75 percent, and continues to invest in new technology to reduce that number even further.

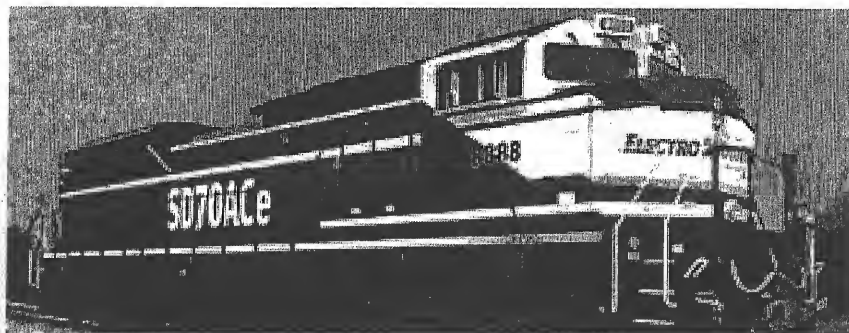
## Union Presence:

International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW)

International Association of Machinists and Aerospace Workers (IAM)

Brotherhood Railway Carmen Division, Transportation Communications International Union (BRC)

International Brotherhood of Teamsters (Teamsters)



Caterpillar/Electro-Motive Diesel's new generation of diesel locomotives will reduce fuel consumption by as much as 40 percent and reduce emissions by 90 percent.

## CONCLUSION

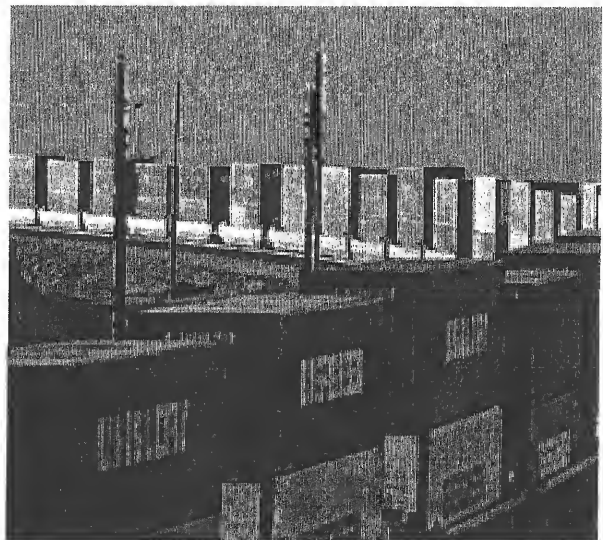
The development of transcontinental rail is an investment that has had manifold benefits which helped enable America to become and maintain status as the world's leading economic power for more than a century. In the 21st century, rail's eminence as an economic engine has the potential to be as great, and also produce significant energy savings, reduce pollution, move cargo across the country efficiently as part of a balanced multi-modal freight network, and will create tens of thousands of green jobs and thousands more throughout the economy given current and projected re-investment throughout the network.

Rail has met growing demand for freight movement while remaining efficient, cost effective, and increasingly less energy intensive and polluting. Increased rail utilization will help form a truly balanced transportation network that achieves higher efficiencies among passenger and freight modes, fostering an infrastructure platform that makes America more competitive in the global economy. Merely maintaining share within a growing freight market would forego the significant opportunities presented by rail's demonstrated ability to reduce oil dependence, achieve system and vehicle efficiencies to reduce pollution, as well as to create and sustain quality employment throughout the economy.

Freight rail expansion would create tens of thousands of quality green jobs and induce overall employment and economic growth throughout America's goods-producing industries and supply chain. Furthermore, freight rail has already demonstrated its ability to achieve significant efficiencies resulting in lower fuel use and reduced pollution; increased investment would advance this progress, which has doubled the overall industry's efficiency in a few decades.

The rail industry still faces challenges as the American economy gathers steam coming out of the recent recession. There is current debate as to whether additional rail regulation would enhance the delivery of a variety of rail services. However, given the ability of the rail industry to leverage private capital to maintain and upgrade the rail network, additional regulation could have a negative impact on the significant level of re-investment seen historically and in recent years. Less investment means fewer jobs and infrastructure ill-prepared for what is expected to be massive growth in demand for freight transport over the next few decades.

As America moves full speed ahead to a clean energy economy, freight rail's crucial role in that transition can be expanded through sound policy choices that maximize economic, employment and environmental benefits made possible through this historically critical mode.



Freight rail expansion would create tens of thousands of quality green jobs and induce overall employment and economic growth throughout America's goods-producing industries and supply chain.

## ENDNOTES

- 1 Regional and State Employment and Unemployment Summary, U.S. Department of Labor Bureau of Labor Statistics, May 2011.
- 2 United States Energy Profile, U.S. Energy Information Agency (U.S. EIA), 18 August 2009; *How Dependent Are We on Foreign Oil?* U.S. EIA, 23 April 2009.
- 3 U.S. Primary Energy Flow by Source and Sector, 2009 Annual Energy Review, U.S. EIA, August 2010.
- 4 U.S. Imports by Country of Origin, U.S. EIA, April 2010; *Energy Consumption by Mode of Transportation*, Table 4-6, National Transportation Statistics, Bureau of Transportation Statistics (BTS), September 2009.
- 5 Railroad Rate Studies, U.S. Department of Transportation Surface Transportation Board, 2009; *The Environmental Benefits of Moving Freight by Rail*, Association of American Railroads (AAR), April 2011.
- 6 "Comparative Evaluation of Rail and Truck Fuel Efficiency on Competitive Corridors," ICF International (for the Federal Railroad Administration), November 2009.
- 7 Combination Truck Fuel Consumption and Travel, Table 4-14; Class I Rail Freight Fuel Consumption and Travel, Table 4-17; and U.S. Ton-Miles of Freight, Table 1-26a, *National Transportation Statistics*, BTS, 2008-2009.
- 8 Railroad Rate Studies.
- 9 *Transportation for Tomorrow*, National Surface Transportation Policy and Revenue Commission, December 2007.
- 10 Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2009, U.S. Environmental Protection Agency (U.S. EPA), April 2011.
- 11 EPA Analysis of the Transportation Sector Greenhouse Gas and Oil Reduction Scenarios, U.S. EPA, 10 February 2010.
- 12 Capital Spending — R-1 Schedule 330, Column (e), Final Demand Multipliers, U.S. Department of Commerce, Regional Input-Output Modeling System (RIMS) II.
- 13 Current-dollar and "Real" GDP, Bureau of Economic Analysis, April 2011.
- 14 RIMS II.
- 15 Noninflation dollar based domestic employment requirements in 2008, Bureau of Labor Statistics, 10 December, 2009.
- 16 Freight rail investment economic model developed by the Economic Policy Institute in May 2010. Demographic and labor market data from the U.S. Census Bureau's Current Population Survey (CPS) are factored to calculate the share of each industry's employment by relevant categories (gender, race, ethnicity, wage levels, etc.), referencing data from 2005 and 2007 to ensure the largest sample size possible. A "crosswalk" approach matches up the CPS data on demographic and labor market variables with the BLS data on industry input-output relationships. This crosswalk (available upon request) matches up both the CPS and the BLS industry codes to a third classification system, the NAICS, that maps onto both the CPS and BLS data. By then multiplying the number of jobs created in each industry (either through direct spending or through supplier effects) by industry demographic shares and then summing these up across industries, we get the total number of jobs in each category (both direct and supplier jobs) that are created through a given amount of infrastructure spending.
- 17 Economic multipliers are estimated by looking at historical data and attempting to link a single policy change with their economic impact. As such, estimates produced by this modeling should be considered guides rather than direct measures since all other variables are held constant (in order to isolate the policy effect) and also compensate for the fact that most policy changes are themselves responses to economic conditions. For these reasons, multiplier estimates tend to vary widely.
- 18 Since 1979, unionization rates have fallen by more than half, from 27 percent of the workforce to 12.3 percent. Also, college workers earned wages that were 50 percent higher than those of non-graduates (holding other worker characteristics constant), while by 2007 that advantage had risen to 80 percent. Research by DiNardo, John, Nicole M. Fortin, and Thomas Lemieux. "Labor market institutions and the distribution of wages, 1973-1992: A Semi-Parametric Approach," *Econometrica*. Vol. 64, September 1996, pp. 1001-1044.
- 19 2010 rail wages versus U.S., transportation occupations (mean hourly wage and annual income), Bureau of Labor Statistics, April 2011
- 20 On multiplier models: a semi-parametric approach using an economic output multiplier to calculate re-spending jobs produces only a rough estimate. Implicit in this calculation is the assumption that the ratio of economic output to jobs — or, in other words, worker productivity — is the same in the broader economy (in which direct and indirect workers are re-spending their incomes) as it is in those direct and indirect industries. If, for example, productivity were lower in the re-spending industries compared to the direct and indirect industries, it would suggest that the economic multipliers actually understate the re-spending job impact.
- 21 While the majority of railroad employees are unionized, these workers are part of a subset of transportation and warehousing occupations, which only make up four percent of industries directly and indirectly supporting the freight rail industry as reported by the Bureau of Labor Statistics.
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- 28 Combination Truck Fuel Consumption and Travel, Table 4-14, Class I Rail Freight Fuel Consumption and Travel, Table 4-17, *National Transportation Statistics*, BTS, 2011.
- 29 Freight Analysis Framework 3.
- 30 *National Rail Freight Infrastructure Capacity and Investment Study*, Cambridge Systematics, September 2007.
- 31 *Rail Time Indicators: A Review of Key Economic Trends Shaping Demand for Rail Transportation*, Association of American Railroads, June 2011
- 32 *National Rail Plan: Moving Forward, A Progress Report*, Federal Railroad Administration, September 2010

These estimates are based on currently existing patterns of employment across sectors. As such, the final results suggest how many and what kinds of jobs would be created within the economy. However, to the extent that new investments are aimed at transforming the economy or labor market, the results are not precisely indicative of the true impact. For example, policy restrictions on the kinds or quality of jobs created and specific policy targeting of job creation would lead to different outcomes than estimated here. The numbers presented here compose an estimated baseline for policy makers to consider.





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